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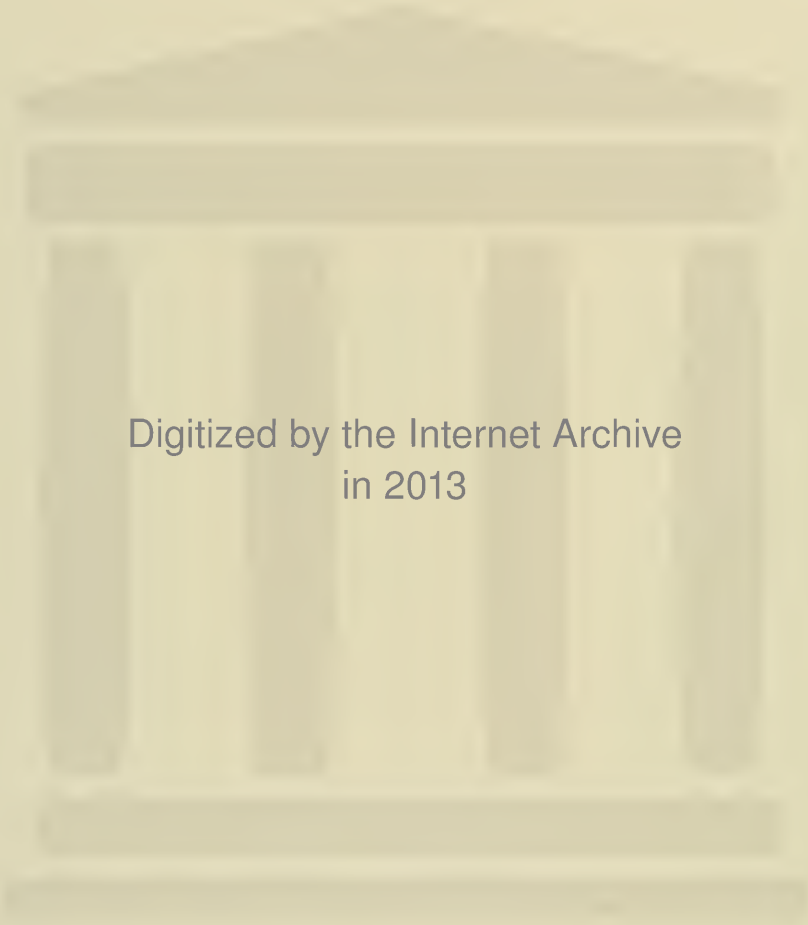
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MINUTES
REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.

AUG 27 1996

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WEDNESDAY, APRIL 3, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 410

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:06 P.M.

HEARINGS

1. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

(Consideration Continued from 3/27/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Ed Harrington, Controller. IN
SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO APRIL 10, 1996,
MEETING.

VOTE: 3-0.

2. File 100-96-3. [Budget Status and Projections, State Budget Impact] Hearing to consider the status of San Francisco's budget; the budget projections for 1996-97; three year budget projections and impact of State's budget on San Francisco. (Supervisor Hsieh)

(Consideration Continued from 3/27/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Ed Harrington, Controller. IN
SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO APRIL 10, 1996,
MEETING.

VOTE: 3-0.

REGULAR CALENDAR

3. File 30-95-11.1. [Patient Day Rates] Resolution amending Resolution No. 620-95 which fixes patient day rates for services furnished by City and County health care institutions, to include patient day rates for targeted case management at San Francisco General Hospital and community public health services clinics (effective July 1, 1995), and for other skilled nursing services at San Francisco General Hospital (effective January 1, 1996.) (Department of Public Health)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Monique Zmuda, Department of Public Health. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. In the title place "patient day rate" with "patient rate". AMENDED TITLE: "Amending Resolution No. 620-95 which fixes patient rates for services furnished by City and County health care institutions, to include patient rates for targeted case management at San Francisco General Hospital and community public health services clinics (effective July 1, 1995), and for other skilled nursing services at San Francisco General Hospital (effective January 1, 1996.)"

VOTE: 3-0.

4. File 101-95-62. [Appropriation, Police Department-OCC] Ordinance appropriating \$71,133, Police Department from the General Fund Reserve for professional services, rent, other current expenses, materials and supplies and services of other departments for the relocation of the Office of Citizen Complaints for fiscal year 1995-96 (accommodate new staff required per Proposition G). (Controller) RO #95169

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Lance Bayer, Director, Office of Citizen Complaints. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation to \$48,712 and add a Section 2 to read: "Although the City has incurred no legal obligation under the Charter, the Board of Supervisors does hereby appropriate the funds necessary for the obligation and does hereby ratify the action previously taken." TO APPEAR ON BOARD CALENDAR, MONDAY, APRIL 15, 1996. AMENDED TITLE: "Ordinance appropriating \$48,712, Police Department from the General Fund Reserve for professional services, rent, other current expenses, materials and supplies and services of other departments for the relocation of the Office of Citizen Complaints for fiscal year 1995-96 (accommodate new staff required per Proposition G); providing for ratification of action previously taken."

VOTE: 3-0.

5. File 101-95-63. [Appropriation, Airport] Ordinance appropriating \$563,000, Airport, of San Francisco Airport Operating Funds for salaries and mandatory fringe benefits for the creation of thirty-seven (37) positions to support the implementation of the Master Plan for fiscal year 1995-96. (Controller) RO #95170 (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Peter Nardoza, S.F. Airport. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED.
Reduce permanent salaries-miscellaneous by \$323,428 and mandatory fringe benefits by \$89,980; total appropriation reduction to \$239,592.
Delete one (1) 1203N Personnel Technician, one (1) 1844N Sr. Management Assistant and two (2) 9209N Police Service Aides.
AMENDED TITLE: "Ordinance appropriating \$239,592, Airport, of San Francisco Airport Operating Funds for salaries and mandatory fringe benefits for the creation of thirty-three (33) positions to support the implementation of the Master Plan for fiscal year 1995-96."

VOTE: 3-0.

6. File 102-95-17. [Salary Ordinance Amendment, Airport] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96), reflecting the creation of thirty-seven (37) positions (Classifications 1203 Personnel Technician (1), 1368 Special Assistant IX (1), 1370 Special Assistant XI (1), 1404 Clerk (1), 1424 Clerk-Typist (1), 1426 Sr. Clerk-Typist (1), 1632 Sr. Account Clerk (1), 1764 Mail/Reproduction Service Supt. (1), 1802 Research Assistant (1), 1844 Sr. Management Assistant (2), 3554 Associate Registrar (1), 7334 Stationary Engineer (2), 7335 Sr. Stationary Engineer (1), 7342 Locksmith (1), 7347 Plumber (2), 7348 Steamfitter (2), 9203 Sr. Airport Comm. Dispatcher (2), 9209 Police Service Aide (12) and 9222 Airport Operations Coordinator (3)). (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Peter Nardoza, S.F. Airport. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED.
Delete one (1) 1203N Personnel Technician, one (1) 1844N Sr. Management Assistant and two (2) 9209N Police Service Aides.
AMENDED TITLE: "Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96), reflecting the creation of thirty-three (33) positions (Classifications 1368 Special Assistant IX (1), 1370 Special Assistant XI (1), 1404 Clerk (1), 1424 Clerk-Typist (1), 1426 Sr. Clerk-Typist (1), 1632 Sr. Account Clerk (1), 1764 Mail/Reproduction Service Supt. (1), 1802 Research Assistant (1), 1844 Sr. Management Assistant (1), 3554 Associate Registrar (1), 7334 Stationary Engineer (2), 7335 Sr. Stationary Engineer (1), 7342 Locksmith (1), 7347 Plumber (2), 7348 Steamfitter (2), 9203 Sr. Airport Comm. Dispatcher (2), 9209 Police Service Aide (10) and 9222 Airport Operations Coordinator (3)).

VOTE: 3-0.

7. File 101-95-64. [Appropriation, Airport] Ordinance appropriating \$671,000, Airport, of San Francisco Operating Funds for overtime to support increased security mandated by the Federal Aviation Administration for fiscal year 1995-96. (Controller) RO #95171

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Peter Nardoza, S.F. Airport. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation to \$636,354. AMENDED TITLE: "Ordinance appropriating \$636,354, Airport, of San Francisco Operating Funds for overtime to support increased security mandated by the Federal Aviation Administration for fiscal year 1995-96."

VOTE: 3-0.

8. File 101-95-65. [Appropriation, Department of Human Resources] Ordinance appropriating \$485,500, Department of Human Resources, from the General Fund Reserve for salaries, fringe benefits, professional services and services of other departments for the creation of four (4) positions to provide the department with additional support for labor negotiations for fiscal year 1995-96. (Controller) RO #95172 (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO APRIL 10, 1996, MEETING.

VOTE: 3-0.

9. File 102-95-16. [Salary Ordinance Amendment, Dept. of Human Resources] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96) Department of Human Resources, reflecting the creation of four (4) positions (Classifications 1242 Personnel Analyst (1), 1818 MIS Specialist II (1), 1832 Senior Administrative Analyst (1) and 1203 Personnel Technician (1). (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO APRIL 10, 1996, MEETING.

VOTE: 3-0.

10. File 101-95-70. [Appropriation, Department of Social Services] Ordinance appropriating and rescinding \$319,895, Department of Social Services, for personal services, materials and supplies and equipment for automation projects for fiscal year 1995-96. (Controller) RO #95181

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst.
IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED.
Reduce appropriation to \$318,395. AMENDED TITLE: "Ordinance appropriating and rescinding \$318,395, Department of Social Services, for personal services, materials and supplies and equipment for automation projects for fiscal year 1995-96."

VOTE: 3-0.

TIME MEETING ADJOURNED: 1:30 P.M.

10.07

2/96

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

sed

March 29, 1996

TO: Budget Committee

DOCUMENTS DEPT.

FROM: Budget Analyst *Recommendation for meeting of*

APR 02 1996

SUBJECT: April 3, 1996 Budget Committee Meeting

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Items 1 and 2 - Files 100-95-12 and 100-96-3

Note: These items were continued by the Budget Committee at its meeting of March 20, 1996.

These items are hearings concerning (a) the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years and (b) the City's three-year budget projections and the impact of the State's budget on San Francisco.

The Controller and the Budget Analyst will orally advise the Committee on any updated information pertaining to these items.

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Item 3 - File 30-95-11.1

Department: Department of Public Health (DPH)

Item: Amending Resolution No. 620-95 which fixes patient day rates for services furnished by City and County Health Care Institutions, to include patient day rates for Targeted Case Management at San Francisco General Hospital and Community Public Health Services Clinics (Retroactive to July 1, 1995), and for other Skilled Nursing services at San Francisco General Hospital (Retroactive to January 1, 1996).

Description: In July of 1995, the Board of Supervisors approved Resolution No. 620-95 to fix FY 1995-96 patient rates for services provided by San Francisco General Hospital (SFGH), Laguna Honda Hospital (LHH), Community Health Services (CHS), and the Department of Mental Health, Substance Abuse and Forensics (DMSF) (File 30-95-11).

Resolution No. 620-95, adopted by the Board of Supervisors, did not include rates for either Targeted Case Management services which are provided by SFGH and CHS's Community Public Health Services Clinics, or for Skilled Nursing services provided at SFGH's Skilled Nursing Facility because (1) the Targeted Case Management program, which is a new State/Federal program, was not implemented until the Fall of 1995 and (2) the Skilled Nursing Facility at SFGH did not begin accepting patients until January of 1996, according to Ms. Sarah Ecker of the DPH.

The proposed resolution would retroactively amend Resolution No. 620-95 to fix these newly established patient rates for Targeted Case Management services provided at SFGH and CHS's Community Public Health Services Clinics, and Skilled Nursing services provided at SFGH's Skilled Nursing Facility.

Ms. Ecker advises that the proposed rates for Targeted Case Management services are based on an analysis of rates charged by other comparable counties for Targeted Case Management services, and DPH's actual average cost to provide these services. The proposed rates for the Skilled Nursing services are based on the actual cost to provide these services at SFGH's Skilled Nursing Facility, and an allocation of the total fixed costs of SFGH.

The proposed rates to be charged for the Targeted Case Management services and the Skilled Nursing services are listed on the following page:

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BUDGET ANALYST

<u>Type of Service</u>	<u>Unit</u>	<u>Amount</u>	<u>Effective Date</u>
<u>San Francisco General Hospital</u>			
Skilled Nursing Facility Services	Day	\$415	January 1, 1996
Targeted Case Management Services	Visit *	135	July 1, 1995
<u>Community Public Health Services</u>			
Targeted Case Management Services	Visit*	135	July 1, 1995

* Targeted Case Management visits consist of contacts between City employees and Targeted Case Management clients, or time spent by employees on behalf of the clients.

Comments:

1. As noted above, the proposed legislation (1) fixes patient day rates for Skilled Nursing services at SFGH's Skilled Nursing Facility retroactive to January 1, 1996, and (2) fixes patient day rates for Targeted Case Management services at SFGH and CHS's Community Public Health Services Clinics retroactive to July 1, 1995. Therefore, the proposed legislation retroactively amends Resolution No. 620-95 to include the proposed rates for Skilled Nursing services at SFGH and Targeted Case Management services at SFGH and CHS.

2. Ms. Ecker advises that although the Title of the proposed resolution refers to fixing patient day rates for services furnished by the City, the term "patient day rate" has been used to refer to the rates charged for all services, including those services such as visits which do not consist of an entire day. However, Ms. Ecker advises that to prevent confusion, the term "patient rates" should be substituted for the term "patient day rates."

3. According to Ms. Ecker, the DPH's FY 1995-96 budget includes approximately \$3.3 million in Medi-Cal revenues for Targeted Case Management services provided at SFGH and CHS, and \$400,000 in Medi-Cal revenues for Skilled Nursing services provided at SFGH, for total estimated revenues of \$3.7 million. The \$3.7 million in Medi-Cal revenues included in the DPH's FY 1995-96 budget is based on approval of the proposed patient rates for FY 1995-96.

Recommendations: 1. Amend the Title of the proposed resolution to substitute the term "patient day rate" with the term "patient rate."

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
April 3, 1996

2. Approve the proposed resolution as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 4 - File 101-95-62

Department: Real Estate Department
Office of Citizen Complaints (OCC)

Item: Supplemental appropriation ordinance appropriating \$71,133 from the General Fund Reserve for professional services, rent, other current expenses, materials and supplies and services of other departments for the relocation of the Office of Citizen Complaints (OCC).

Amount: \$71,133

Source of Funds: General Fund Reserve

Description: The Office of Citizen Complaints (OCC) receives and investigates complaints against uniform members of the Police Department and prosecutes cases sustained by the OCC before the Chief of Police or the Police Commission.

The proposed supplemental appropriation ordinance would appropriate \$71,133 from the General Fund Reserve for professional services, rent, other current expenses, services of other departments and materials and supplies, as follows:

Professional Services	\$10,000
Rent*	21,616
Other Current Expenses*	12,745
Services of other Departments	24,412
Materials and Supplies	<u>2,360</u>
Total Supplemental Appropriation Request	\$71,133

* Previously budgeted under Character 10, Object 190 (Other Non-Personal Services)

A detailed description of each of the above requests is provided below.

Professional Services ***\$10,000***

This \$10,000 request would provide funds for unanticipated transcription and expert testimony costs resulting from several high profile cases which are either currently being investigated by the OCC, such as the officer-involved shootings of Edwin Sheehan and William Hankston, or are about to be heard by the Police Commission, such as the Aaron Williams case and the Police raid on the New Year's Eve AIDS benefit at 938 Harrison Street. According to Mr. Lance Bayer, Director of the OCC, the OCC has experienced more high profile cases during FY 1995-96 than usual and, as

BOARD OF SUPERVISORS
BUDGET ANALYST

a result, has nearly depleted its current budget for professional services. This \$10,000 request would provide funds for forensic experts, experts in officer-involved shootings and audio tape transcription services. Although the contractors have not yet been selected, Mr. Bayer advises that such contractors will be selected from a list approved by the Purchaser where appropriate. Mr. Bayer advises that the \$10,000 estimated cost is based on the OCC's past experience in dealing with similar high profile cases.

Rent

\$21,616

Prior to November of 1995, the OCC occupied office space at 760 Harrison Street under a lease approved by the Board of Supervisors which was scheduled to expire in June of 1999. However, the Real Estate Department terminated this lease in October of 1995 because (a) the landlord failed to complete certain Americans with Disabilities Act (ADA) improvements; (b) the heating, ventilation and air conditioning (HVAC) system was inoperable; and (c) illegal activities were allegedly taking place elsewhere in the building. In addition, the building at 760 Harrison Street was subsequently sold through foreclosure proceedings, effectively terminating the lease.

The Real Estate Department identified a new site for OCC at 480 Second Street. The Real Estate Department previously reported that, given that it had a relatively short time to locate a new site for the OCC, the site at 480 Second Street was the best available option at that time. A lease, effective November 1, 1995, was approved by the Board of Supervisors in October of 1995 (File 64-95-8) and the OCC relocated to the 480 Second Street site in early November of 1995.

The rent expense at OCC's new site at 480 Second Street is \$7,750 per month, or \$1.15 per square foot for approximately 6,750 square feet, for a total rent of \$93,000 per year. This represents an increase in square feet of 950 and an increase in rent costs of \$1,486 per month (23.7 percent or \$17,832 per year) over OCC's prior rent at 760 Harrison Street of \$6,264 per month (\$75,168 per year) for 5,800 square feet (\$1.08 per square foot).

One reason for this increase in rent is that OCC's new site at 480 Second Street consists of approximately 6,750 square feet, or 950 square feet (16.4 percent) more than the OCC's former site at 760 Harrison Street, which provided 5,800 square feet. The OCC's former site at 760 Harrison Street provided approximately 290 square feet per employee for OCC's 20 full-time employees. OCC's new office space

consists of two conference rooms and several offices and cubicles.

In November of 1995, San Francisco voters approved Proposition G, which requires the OCC to employ an additional three investigators by July 1, 1996. As a result, the OCC has requested three new investigator positions, plus one new senior investigator position (to function as a supervisor), in its FY 1996-97 budget. Thus, although the new 480 Second Street site provides an additional 950 square feet, if all four new positions are approved by the Mayor and the Board of Supervisors, the OCC will have a total of 24 full-time employees. Thus, OCC's new site at 480 Second Street will provide an average of 281 per square feet per employee, or a decrease of nine square feet per employee from the former average of 290 square feet per employee at 760 Harrison Street.

Of this request of \$21,616 for rent, \$11,616 would be used for additional rental expenses at OCC's new 480 Second Street site for the period from November 1, 1995 through June 30, 1996. According to Mr. Bayer, the requested amount of \$11,616 is \$272 less than the actual need of \$11,888 (equivalent to the rent increase noted above of \$1,486 per month x eight months) because of a rounding error.

In addition, this request of \$21,616 includes \$10,000 for a work order with the Real Estate Department for costs incurred by the Real Estate Department associated with OCC's move from 760 Harrison Street to 480 Second Street, including the costs of locating a new facility, negotiating a lease and supervising the completion of tenant improvements at the new site. Mr. Steve Alms of the Real Estate Department advises that the actual costs incurred were \$13,192, based on 202 hours at \$65.19 per hour. However, Mr. Alms advises that the Real Estate Department charged the OCC only \$10,000 and absorbed the remaining \$3,192 from its current FY 1995-96 budget. This \$10,000 would reimburse the OCC's rent budget for the payment of \$10,000 made to the Real Estate Department.

Other Current Expenses

\$12,745

Of this \$12,745 request, \$2,445 would be used to pay for the moving contractor, Lynch & Sons, Inc., which is not a certified MBE or WBE firm. Lynch & Sons, Inc. was selected from a list of moving companies approved by the Purchaser. Furthermore, printing costs of \$500 were incurred by the OCC for printing new stationery and business cards as a result of its relocation. Also, the OCC estimates that it will

incur \$2,300 in advertising expenses to recruit new investigators as a result of the approval of Proposition G and/or to fill currently vacant positions at the OCC.

In addition, \$7,500 was used to pay an air conditioning emergency repair bill at OCC's old site, 760 Harrison Street. According to Mr. Steve Alms of the Real Estate Department, in accordance with the terms of the OCC's former lease, the OCC withheld three months of rent or \$18,792 (\$6,264 per month x three months) because of the landlord's failure to make certain improvements and repairs to the property. The OCC then used \$7,500 of this \$18,792 in rent savings to pay for emergency repairs to the air conditioning system (See Comment No. 3).

Services of Other Departments ***\$24,412***

This \$24,412 request would provide funds to pay for a work order with the Department of Electricity and Telecommunications (DET) for costs associated with installing wiring for OCC's telephone and computer equipment at the OCC's new location. This amount of \$24,412 represents the actual costs incurred by DET in installing telephone and computer wiring at 480 Second Street.

Materials and Supplies ***\$2,360***

This request of \$2,360 includes (a) \$1,400 for four ergonomically designed chairs (at \$350 each) for the four new employees included in the OCC's FY 1996-97 budget request in order to comply with Proposition G and (b) \$960 for the purchase of an audio cassette copy machine, which has allowed the OCC to copy cassette tapes at a much lower cost than through hiring an outside contractor. The OCC advises that it plans to acquire used desks for the four new employees and that the additional cost, if any, would be absorbed from its current FY 1995-96 budget.

Total Supplemental Appropriation Request ***\$71,133***

Comments:

1. According to Mr. Bayer, the following expenditures have already been incurred against the proposed supplemental appropriation ordinance: (a) \$7,430 in increased rent expenses; (b) \$10,000 for the work order with the Real Estate Department; (c) \$2,445 for the moving contractor; (d) \$500 for new stationery and business cards; (e) \$24,412 for the work order with DET; and (f) \$960 for the audio cassette copy machine. As such, the proposed supplemental appropriation ordinance should be amended to provide for retroactivity.

2. At the time that OCC's new lease was approved by the Board of Supervisors, the OCC reported to the Budget Analyst that it planned to submit a supplemental appropriation request of at least \$37,000 for moving-related expenses plus additional funds for increased rent to the Mayor's Office and the Board of Supervisors.

3. The Real Estate Department previously reported to the Budget Analyst that the City may pursue litigation against the OCC's former landlord at 760 Harrison Street in order to recover damages. According Ms. Betsy Dietrich of the City Attorney's Office, as of the writing of this report, the City Attorney's Office had not been asked to pursue such litigation. However, according to Ms. Dietrich, it appears unlikely that the former landlord has any assets upon which to recover judgment because his former property at 760 Harrison Street was foreclosed against and because he currently resides outside of the country.

4. The table below shows the OCC's actual and projected expenditures for FY 1995-96 and the projected budget surplus or deficiency in professional services, rent, other current expenses, services of other departments (DET) and materials and supplies.

<u>Line Item Category</u>	FY 1995-96	Actual	Projected	Estimated Surplus/ (Deficiency)
	Budgeted <u>Amount</u>	Expenditures 7/1/95 - <u>2/12/96</u>	Expenditures 2/13/96 - <u>6/30/96</u>	
Professional Services	\$5,500	\$4,695	\$10,000	(\$9,195)
Rent	104,157	52,764	36,020*	15,373
Other Current Expenses	0	9,972	2,773	(12,745)
Services of Other Depts. - DET	0	24,412	0	(24,412)
Materials and Supplies	<u>11,716</u>	<u>7,607</u>	<u>6,469</u>	<u>(2,360)</u>
Total	\$121,373	\$99,450	\$55,262	(\$33,339)

* This amount is equivalent to the sum of (a) \$31,000 for rent for March through June, 1996 (\$7,750 per month x four months); and (b) \$5,020 for other current expenses (based on a straight-line projection).

Mr. Bayer advises that the OCC concurs with the amounts reflected in the table above.

Memo to Budget Committee
April 3, 1996

5. Based on the table above, the Budget Analyst recommends the following reductions to the proposed supplemental appropriation ordinance:

<u>Line Item Category</u>	<u>Amount of Request</u>	Budget Analyst's Recommended <u>Amount</u>	Budget Analyst's Recommended <u>Reduction</u>
Professional Services	\$10,000	\$9,195	\$805
Rent	21,616	0	21,616
Other Current Expenses	12,745	12,745	0
Services of Other Depts. - DET	24,412	24,412	0
Materials and Supplies	<u>2,360</u>	<u>2,360</u>	<u>0</u>
Total	\$71,133	\$48,712	\$22,421

- Recommendations:**
1. Amend the proposed supplemental appropriation ordinance by reducing the request by \$22,421, from \$71,133 to \$48,712, as reflected in Comment No. 5 above.
 2. Amend the proposed supplemental appropriation ordinance to provide for retroactivity.
 3. Approve the proposed supplemental appropriation ordinance, as amended.

Items 5 and 6 - Files 101-95-63 and 102-95-17

Department: Airport

Item: Supplemental Appropriation Ordinance appropriating \$653,000 for salaries and mandatory fringe benefits for the creation of 37 new positions to support the implementation of the Airport's Master Plan (File 101-95-63).

Ordinance amending the FY 1995-96 Annual Salary Ordinance to reflect the creation of 37 new positions (File 102-95-17).

Amount: \$653,000

Source of Funds: Airport Operating Funds

Description: In December of 1992, the Board of Supervisors approved an ordinance appropriating Airport Revenue Bond funds for Near Term Master Plan Projects at the San Francisco International Airport. The overall Master Plan consists of approximately 45 construction projects and various demolition, survey, and site testing projects. Major projects under the Master Plan include a new International Terminal, a Ground Transportation Center, an Airport Light Rail System and new cargo and aircraft maintenance buildings. The 31 projects are included in the Near Term Master Plan. The Airport is requesting the addition of 37 new positions to assist in implementing its \$2.4 billion Master Plan program, including eleven construction maintenance positions, 20 operations support positions, and six administrative positions, as follows:

Master Plan Construction and Maintenance

No. of Positions	Title	Biweekly Salary	Maximum Annual Salary	Maximum Total Annual Salary Cost
1	Sr. Stationary Engineer	\$1,634-\$1,985	\$51,809	\$51,809
2	Stationary Engineer	1,450-1,756	45,832	91,664
1	Clerk Typist	1,022-1,237	32,286	32,286
1	Mail/Reproduction Service Supt	1,368-1,658	43,274	43,274
1	Clerk	984-1,191	31,085	31,085
2	Steamfitter	1,909-2,319	60,526	121,052
2	Plumber	1,909-2,319	60,526	121,052

BOARD OF SUPERVISORS
BUDGET ANALYST

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No. of Positions	Title	Biweekly Salary	Maximum Annual Salary	Maximum Total Annual Salary Cost
1	Locksmith	\$1,658-\$2,014	\$52,565	<u>\$52,565</u>
11	SUBTOTAL			\$544,787

Master Plan Operations Support

3	Airport Operations Coordinator	2,135-2,596	67,756	203,268
2	Sr. Airport Comm. Dispatcher	1,443-1,748	45,623	91,246
1	Sr. Clerk Typist	1,120-1,355	35,366	35,366
1	Special Assistant XI	1,946-2,365	61,727	61,727
12	Police Service Aide	1,141-1,381	36,044	432,528
1	Sr. Management Assistant	1,674-2,033	53,061	<u>53,061</u>
20	SUBTOTAL			\$877,196

Master Plan Administration

1	Sr. Account Clerk	1,220-1,477	38,550	38,550
1	Special Assistant IX	1,682-2,043	53,322	53,322
1	Research Assistant	1,355-1,642	42,856	42,856
1	Sr. Management Assistant	1,674-2,033	53,061	53,061
1	Associate Registrar	1,114-1,349	35,209	35,209
1	Personnel Technician	1,255-1,520	39,672	<u>39,672</u>
6	SUBTOTAL			\$262,670

37	TOTAL ANNUAL SALARY COSTS AT TOP STEP		\$1,684,653
	Fringe Benefits at 27.8 %		<u>468,334</u>
	TOTAL ANNUAL SALARY PLUS FRINGE BENEFITS FOR 37 NEW POSITIONS		\$2,152,987

Budget:

The proposed budget consists of the salaries and fringe benefits for these positions for the period of March 1, 1996 through June 30, 1996, as follows:

Permanent Salaries - Miscellaneous	\$510,849
Mandatory Fringe Benefits at 27.8 percent	<u>142,151</u>
Total Request	\$653,000

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Comments:

1. As noted on the table above, on an annual basis, the cost of the 37 proposed new positions at the top step, including fringe benefits at 27.8 percent, is \$2,152,987.

2. The Airport has provided the Budget Analyst with justification for each of the requested new positions. The Budget Analyst has reviewed the justifications for these new positions as they relate to the added responsibilities from the Airport's Master Plan and has found them to be reasonable, with the exception of the Personnel Technician and two of the requested twelve new Police Service Aides (see Comment Nos. 4 and 5).

3. The Department of Human Resources (DHR) has reviewed the Position Classification Questionnaire and supporting documentation for each of the requested new positions. DHR has recommended the same classification as requested by the Airport for each of the 37 new positions, with the exception of Classification No. 1844, Senior Management Assistant. DHR has made the determination in that case that further classification review and interview are required. Therefore, the proposed supplemental appropriation should be reduced by the Step 1 salary of \$43,691 of one Senior Management Assistant plus fringe benefits and the Annual Salary Ordinance should be amended accordingly.

4. In regard to the six new administrative positions that have been requested by the Airport, the justification for these positions is as follows:

√ The Senior Management Assistant would be responsible for all Airport publications, media relations, and community affairs, in conformance with the Master Plan. As a result of the Master Plan, Ms. Lucas advises, requests for information have increased from ten per day to up to 60 per day. Responses to these inquiries could include preparing written responses or locating and sending publications. Ms. Lucas advises that responding to the 50 daily inquiries requires a minimum of four hours per day. Also, as of January, 1996, the Bureau of Community Affairs is providing protocol support to the Mayor's Office. (Protocol is the greeting of dignitaries and government officials as they arrive at the Airport.) Ms. Lucas advises that protocol support is required at least once per day, and requires approximately four hours of Airport time per protocol visit.

√ The Associate Registrar would create and implement a Collection Development Plan for the newly-created

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Archival Research Center in the new International Terminal. The Aviation and Archival Research Center will be a library of information pertaining to commercial aviation, particularly in the Pacific.

- √ The Special Assistant IX would perform work related to the new Exhibition Program pursuant to the Master Plan, including monitoring and enforcing National Museum and Airport Standards, and supervising the Airport's application for museum accreditation.
- √ The remaining three positions would perform on-going clerical and administrative work. The Research Assistant would analyze and project on-going Master Plan Related expenditures and perform other budgeting and cost control analyses. The Senior Account Clerk would service the certification and payments of contracts and other encumbrances relating to Master Plan projects. Ms. Lucas advises that the Airport has completed the demolition stage of the Master Plan, and is commencing construction. The construction phase requires incurring substantial new contracts and other encumbrances, according to Ms. Lucas.

The Personnel Technician would coordinate the Airport's position control system, including hiring related to the Airport's Master Plan. Ms. Lucas advises that currently, the Airport has a three to four week backlog for personnel hiring. The addition of this Personnel Technician would eliminate this backlog, according to Ms. Lucas. Based on the judgment of the Budget Analyst, the Airport has not fully justified the need for this position. Therefore, the proposed ordinances should be amended to delete the Personnel Technician, at a Step I salary of \$32,755.

5. Based on inquiries of the Budget Analyst, Ms. Helen Lucas of the Airport presently reports that the Airport could reduce the total number of Police Service Aides requested by two, from ten to twelve. Therefore, the proposed supplemental appropriation should be reduced by the Step I salaries of two Police Service Aides, at \$29,780 each, plus fringe benefits and the Annual Salary Ordinance should be amended accordingly. The Police Service Aides would be responsible for directing traffic related to construction at the Airport.

According to Ms. Lucas, the Airport has included funds in their FY 1996-97 budget proposal for overtime costs for this nighttime traffic direction. The Budget Analyst will analyze

any overtime expenditures in our review of the Airport's FY 1996-97 budget request.

6. The Airport would not be able to fill the new positions for more than 4.5 pay periods, on the average, rather than the nine pay periods included in this supplemental appropriation request. Therefore, the requested amount of \$653,000 for salaries and fringe benefits should be reduced by \$260,522 (see details in Recommendation #3).

Recommendations: 1. Amend the proposed Annual Salary Ordinance by deleting one 1203 Personnel Technician, one 1844 Senior Management Assistant and two 9209 Police Service Aides (File 102-95-17).

2. Amend the proposed supplemental appropriation ordinance to reduce Permanent Salaries - Miscellaneous by \$136,007 and associated Mandatory Fringe Benefits by \$37,810, or a total of \$173,817, to reflect the elimination of one 1203 Personnel Technician, one 1844 Senior Management Assistant position and two 9209 Police Service Aides (File 101-95-63).

3. Further amend the proposed supplemental appropriation ordinance to reduce Permanent Salaries - Miscellaneous by \$187,421 and associated Mandatory Fringe Benefits by \$52,170, or a total of \$239,591, to reflect funding for the proposed new positions for 4.5 pay periods rather than nine pay periods (File 101-95-63).

4. In summary, the proposed ordinance should be amended as follows:

√ Reduce Permanent Salaries - Miscellaneous by \$323,428, from \$510,849 to \$187,421;

√ Reduce Mandatory Fringe Benefits by \$89,980, from \$142,151 to \$52,171; and

√ Reduce the total supplemental appropriation request by \$413,408, from \$653,000 to \$239,592.

5. Approval of the Budget Analyst's recommendations would authorize 33 new positions for the Airport of the 37 new positions originally requested.

Item 7 - File 101-95-64

Department: Airport

Item: Supplemental Appropriation Ordinance appropriating \$671,000 for overtime to support increased security mandated by the Federal Aviation Administration for fiscal year 1995-96.

Amount: \$671,000

Source of Funds: Airport Operating Funds

Description: Under normal circumstances, the Airport maintains all of the requirements of a Level I Security Alert, and some of the requirements of a Level II Security Alert, including x-raying luggage, restricting access to the airfield and other areas in the Airport, and requiring passengers to walk through a metal detector. As a result of terrorist activity, on August 9, 1995, the Federal Aviation Administration (FAA) directed all U.S. airports throughout the country that operate international flights to implement all of the Level II Security Alert requirements, as well as all of the requirements of a Level I Security Alert. The Level II Security Alert status requires increases in various security measures at the Airport, such as an increase in parking garage security, the inspection of vans and trucks, the hand-search of luggage, and increased surveillance and patrols of the Airport's perimeter.

On October 31, 1995, the FAA upgraded the alert from a Level II Security Alert to a Level III Security Alert at all U.S. international airports. The Level III Security Alert procedures include additional increases in security measures, such as prohibiting parking in front of terminals, inspecting certain vehicles entering the parking garage, and increasing security restricting access to the airfield and non-public areas.

The Airport's FY 1995-96 budget included overtime in the amount of \$180,000, based on the cost of implementing all of the Level I Security Alert requirements and some of the Level II Security Alert requirements at the Airport. However, the Airport responded immediately to the FAA's August 9, 1995 mandate to implement a full Level II Security Alert, and consequently began to incur overtime expenditures at a higher level (see below). When the FAA issued its further mandate on October 31, 1995, that Airport security be increased to a Level III Security Alert, the Airport again

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responded immediately by incurring overtime expenditures at an even higher rate. The FAA projects that the Level III Security Alert will be in effect until August of 1997.

The proposed ordinance would support the Airport Police Overtime costs associated with maintaining the Level II and Level III Security Alerts. Based on revised projections by the Airport, the costs for these services are projected to be \$816,354 through June 30, 1996 rather than the original projection of \$851,000. The Budget Analyst notes that, based on the Airport's projections, the proposed supplemental appropriation ordinance is \$34,646 in excess of the Airport's request of \$671,000, as follows:

Budget:

Amount Available for <u>Overtime*</u>	Amount Expended <u>through 3/8/96</u>	Projected Expenditures <u>through 6/30/96</u>	Projected <u>Surplus</u>
\$851,000	\$560,103	\$256,251	\$34,646

* Includes this supplemental appropriation request of \$671,000 plus the amount included for overtime in the Airport's FY 1995-96 budget, at \$180,000.

Comments:

1. Ms. Lucas reports that the costs for Overtime for the Level II and III Security Alerts for FY 1996-97 will be included in the Airport's regular budget request. As noted above, the Airport anticipates that the Level II and Level III Security Alerts will continue through August of 1997.

2. The Attachment, provided by the Airport, is the portion of the FAA Aviation Security Contingency Plan that provides a detailed explanation of the specific airport operator measures and air carrier measures required for Level I, II and Level III Security Alerts.

Recommendation: Reduce the proposed supplemental appropriation ordinance by \$34,646, from \$671,000 to \$636,354, to reflect projected Airport expenditures for overtime through June 30, 1996, and approve as amended.

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AVSEC ALERT LEVEL I**AIRPORT OPERATOR MEASURES:**

- A100 Inform airport, air carrier, and airport tenant management with an operational need to know of the increased threat and corresponding AVSEC Alert Level. Airport management, tenant and contractor management should communicate this information to their employees who have an operational need to know. The airport operator will be responsible for ensuring that the initial notification process occurs.
- A101 Review and ensure adequacy of personnel and vehicle ID issuance and control procedures.
- A102 Review and test its contingency and emergency communications procedures.

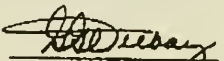
AIR CARRIER MEASURES:

- 100 Inform its employees working at the affected airport(s) who have an operational need to know of the increased threat and corresponding AVSEC Alert Level.
- 101 Review and test its contingency and emergency communications procedures.
- 102 Establish liaison with each airport it serves to coordinate measures that may be necessary if the AVSEC Alert Level increases.

AVSEC ALERT LEVEL II**AIRPORT OPERATOR MEASURES:**

- A200 Deploy uniformed security patrols, or Law Enforcement Officers (LEO's) at airports to provide surveillance, act as a deterrent, and respond as necessary to security related incidents. The area recommended for additional patrols should include ticket counters, curb-side check-in areas, specific parts of the AOA where passenger aircraft are loaded and unloaded, or other areas as determined by the airport operator. Security patrols shall be able to summon LEO's if needed.
- A201 Develop and implement a schedule for increasing the frequency of inspections in passenger terminals (both sterile and non-sterile public areas) including specific areas and items such as: restrooms, telephone booths, garbage containers, ashtrays, and other public areas.

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Date <u>3/15/94</u>

- A202 Discontinue service to and secure lockers located in non-sterile public areas of passenger terminals.
- A203 Increase the number and frequency of random identification checks on the AOA and at controlled access points to the secured area.
- A204 Advise Explosive Ordnance Disposal (EOD), tactical, and/or K-9 units of the increased threat. Verify their familiarity with the airport layout; and have units advise the airport of their ability to respond if needed. (This applies only to airports that either have these resources at the airport or have agreements with other organizations that can respond.)

AIR CARRIER MEASURES:

- 200 Deploy personnel to provide increased surveillance and prevent unauthorized access to checked baggage in baggage make-up areas. The air carrier shall lock or seal the carts and containers or continue surveillance of the baggage while enroute to and during loading aboard the airplane.
- 201 Search for weapons and explosives all vehicles left unattended outside of areas controlled under FAR 107.14 and used to transport passengers from a terminal building to a departing aircraft.

AVSEC ALERT LEVEL III**AIRPORT OPERATOR MEASURES:**

- A300 Arrange for and deploy plainclothes security personnel or LEO's for surveillance in terminals and other locations as appropriate. Security personnel shall be able to summon LEO's if needed.
- A301 Where available, the airport operator will request EOD and tactical teams to respond and/or utilize explosives detection measures such as K-9 or electronic sniffers.
- A302 Post signs at each ticket counter and screening checkpoint or make routine public announcements that emphasize the need for all passengers to closely control baggage and packages to avoid transporting items without their knowledge.

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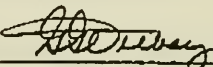
Date *3/15/94*

AIR CARRIER MEASURES:

- 300 Apply the Contingency Passenger Profile Criteria, issued by the FAA, to all originating passengers and those passengers transferring from air carriers not subject to this requirement. The FAA will determine the profile criteria when it receives threat information. Air carrier personnel will apply the criteria passively (without subjecting the passenger to questioning) using information already available within the air carrier reservation systems and on the passenger ticket. Questioning is optional to resolve concerns discovered during application of the passive profile. Countermeasures numbered from 301 through 304 below apply only in conjunction with this requirement.
- 301 Physically search or screen with an approved device specifically identified in the security directive the carry-on property of persons or passengers identified as selectees by the Contingency Passenger Profile and hand wand or pat down that person.
- 302 Inspect by x-ray, physically search, or screen with an approved EDS or other device specifically identified in the security directive the checked property of persons or passengers identified as selectees by the Contingency Passenger Profile.
- 303 Remove batteries (C, D, AA, AAA, 9v and 6v Lantern) from all electrical and electronic devices in the checked baggage of passengers identified as selectees by the Contingency Passenger Profile and place the batteries separate from the device in checked baggage except where the air carrier screens baggage with an approved EDS or other device specifically identified in the security directive.
- 304 Do not transport the checked baggage of any passenger identified as a selectee by the Contingency Passenger Profile unless either the passenger and his/her checked baggage are aboard the same airplane or a verifiable, demonstrable tracking system establishes that the unaccompanied baggage is a result of circumstances beyond the passenger's control. As an alternative to the preceding two options, air carriers may screen the selectees' checked baggage with an approved EDS or other device specifically identified in the Security Directive.

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FAA APPROVED



Date 4/8 3/15/94

Items 8 and 9 - Files 101-95-65 and 102-95-16

Department: Department of Human Resources

Item: Item 8 - File 101-95-65 Ordinance appropriating \$485,500 from the General Fund Reserve for salaries, fringe benefits, professional services and services of other departments for the creation of four new temporary positions and to provide the Department of Human Resources with outside consulting services for labor negotiations.

Item 9 - File 102-95-16 Ordinance amending the FY 1995-96 Annual Salary Ordinance, reflecting the creation of four new temporary positions; 1242L Personnel Analyst (1), 1818L MIS Specialist II (1), 1823L Senior Administrative Analyst (1), 1203L Personnel Technician (1).

Amount: \$485,500

Source of Funds: General Fund Reserve

Description: The proposed appropriation ordinance (File 101-95-65) would appropriate \$485,500 from the General Fund Reserve to the Human Resources Department (HRD) to pay for four new temporary positions and other costs in order to conduct collective bargaining negotiations with 27 unions whose current Memoranda of Understanding (MOUs) are expiring, and who are subject to collective bargaining as a result of the passage of Proposition F, which was approved by the voters in the November 1994 election. Proposition F mandates that the wages, benefits and working conditions for most City workers be set through collective bargaining.

HRD is currently conducting negotiations to conclude new MOUs with the following 27 unions and employee groups; Police Management, Fire Management, Airport Police Management, Registered Nurses (this MOU has already been concluded, See Comment No. 5), Supervisory Registered Nurses, Local 21, Building Inspectors, District Attorney Investigators Association, Transit Workers Union Local 250, a coalition of 17 crafts workers unions, and a group of approximately 447 employees who are not represented by unions.

In order to be able to conduct these collective bargaining negotiations, the Human Resources Department is requesting the following:

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- A proposed amendment to the FY 1995-96 Annual Salary Ordinance (ASO) (File 102-95-16) which would add 4 new temporary positions to the Department of Human Resources in order to provide additional staff for conducting the collective bargaining processes. HRD's estimated cost for these new staff positions, for the period April 1, 1996 to June 30, 1996, is \$58,300 for temporary salaries and fringe benefits.

The Department of Human Resources' Employee Relations Division (ERD) has the following existing positions involved in collective bargaining negotiations:

<u>Classification</u>	<u>FTE</u>	<u>Total Annual Salaries</u>
1220 Payroll Clerk	2	\$77,928
1242 Personnel Analyst	1	48,690
1244 Senior Personnel Analyst	2	118,398
1246 Principal Personnel Analyst	1	63,688
1281 Employee Relations Rep.	1	57,665
1283 Director of Employee Relations	1	94,430
1368 Special Assistant IX	1	48,363
1372 Special Assistant XIII	1	71,436
1446 Secretary II	1	31,550
<u>Workorder Staff</u>		
1282 Princp. Employee Relations Rep.	1	73,576
1450 Executive Secretary I	1	41,667
Totals for Existing Positions	13	\$727,391
Annual Fringe Benefit cost at 19 percent		138,204
Total Annual Cost		\$865,595

An additional 4 positions would increase the ERD staff by nearly 31 percent, at an annual cost for salary and fringe benefits of \$236,855 for the four new positions.

- Contracts with outside consultants which are needed in order to conduct the labor negotiations successfully, according to the Department of Human Resources and the City Attorney. These outside consultants would provide; research and expert testimony on issues such as; (a) comparability of job classes, (b) comparability of wages and benefits in other jurisdictions, (c) historical and future trends in the City's revenues which dictate its ability to pay its workforce, and, (d) expert legal assistance. In addition, HRD estimates that a total of approximately 51 days of arbitration will be required to conclude the MOUs with the 27 unions currently in negotiation. The estimated cost for these consultant services and arbitrators is \$237,200. Budget details of these contracts are provided below.

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- According to the Human Resources Department, the current labor negotiations require computer programming and database development by the Controller's Information Services Division for use by HRD in costing various contract proposals, at a cost of \$40,000. In addition, the City Attorney's Office is proposing to hire temporary attorneys in order to backfill existing staff attorneys who are assigned to handle the increased workload represented by these labor negotiations, at a cost of \$150,000, for an overall cost under the category of services of other City departments, of \$190,000. Budget details of these expenditures are provided below.

In summary, the total proposed expenditures for the collective bargaining process, including \$58,300 for 4 new HRD temporary staff, \$237,200 for outside consultants, and \$190,000 for the services of other departments, is \$485,500.

Budget: The budget for this appropriation (File 101-95-65) is as follows:

Human Resources Department Staff (April 1, 1996 through June 30, 1996)

<u>Number of Positions and Class</u>	<u>FTE</u>	<u>FY 1995-96 Cost</u>	
(1) 1242L Personnel Analyst	.25	\$11,494	
(1) 1818L MIS Specialist II	.25	11,832	
(1) 1823L Senior Admin. Analyst	.25	13,886	
(1) 1203L Personnel Technician	.25	<u>9,387</u>	
		\$46,599	
Fringe Benefits		<u>11,700*</u>	
Sub-total			\$58,300

* The Budget Analyst notes that only Social Security costs (7.65 percent of salary) should be budgeted as fringe benefits for temporary positions. Therefore, this amount can be reduced by \$8,135, from \$11,700 to \$3,565.

Professional Services and Arbitration

<u>Type of Service and Firm Name</u>	<u>MBE/WBE Status</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
Legal Services George Riley	No	267	\$150	\$40,000

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Professional Services and Arbitration (continued)

<u>Type of Service and Firm Name</u>	<u>MBE/WBE Status</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
Salary Surveys & Research				
Harry D. Cisterman	No	200	\$75	\$15,000
David M. Griffith	No	67	75	5,000
Robert N. Garrett	No	320	125	40,000
Expert Testimony (to be determined)		358	125	44,750*
Economic Research (to be determined)		1,000	75	75,000*

Arbitration; 51 days at a daily rate of \$1,500

Arbitrators are appointed by the City and the union when arbitration is necessary. Expenses are shared equally between the City and the union; the daily rate of \$1,500 for the City (\$3,000 in total) is based on prior year actual expenditures.

76,500*

Sub-total	\$296,250
Less carry-forward from FY 1994-95 unspent funds	<u>(59,050)</u>
Sub-total	\$237,200

* The Budget Analyst recommends that these items be reserved pending a report from the Department of Human Resources on the actual number of days of arbitration which will be required.

Services of Other City Departments

<u>Controller's ISD</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
Programming/Service	800	\$50.00	\$40,000
Sub-total			40,000

<u>City Attorney</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
8181 Assistant Chief Attny I	353	\$130.74	\$46,142
8184 Chief Attorney II	353	139.17	49,119
8178 Senior Attorney	271	108.15	29,362
8176 Trial Attorney	163	96.07	15,649
8174 Attorney	108	89.58	9,728
Sub-total			<u>150,000</u>

TOTAL \$485,500

Comments:

1. The Attachment, provided by the Department of Human Resources, provides a detailed breakdown, by union, by type of expense, including hours and hourly rates, of the cost (including the requested four new positions), of concluding the MOUs currently being negotiated.

2. The Human Resources Department conducted labor negotiations with approximately 39 unions in FY 1994-95, using existing Human Resources Department staff as listed above, and funds provided by a supplemental appropriation in the amount of \$636,638 (File 101-94-94) for outside legal counsel, expert research and testimony, MIS services, arbitration expenses, and the services of the City Attorney. However, the HRD did not request any additional staff positions for labor negotiations in FY 1994-95 as part of that supplemental appropriation. In addition, in its FY 1995-96 budget, the HRD did not request any additional staff for the Employee Relations Division (ERD). In fact, the Human Resources Department transferred one position (1370 Special Assistant XI) from its Employee Relations Division to the Office of the Director to conduct budget management, fiscal analysis, and special projects for HRD. In addition, Mr. Wendell Pryor, Director of Human Resources, advises that; (a) negotiations are starting later in FY 1995-96 than in FY 1994-95, (b) negotiations are being conducted with fewer unions (27 as opposed to 39) in FY 1995-96 than in FY 1994-95, and, (c) the HRD has been able to streamline its negotiating process in FY 1995-96 based on experience from FY 1994-95. The Budget Analyst therefore questions the need for additional staff for labor negotiations in FY 1995-96, and recommends that the Board of Supervisors not approve the subject request for addition of four new temporary positions.

3. Mr. Pryor states that these four new positions are requested in order to allow HRD to carry out contract cost estimating, computer programming, database analysis, compensation surveys and analysis, and notetaking, which were done using private contractors and City staff "borrowed" from other divisions of HRD in the FY 1994-95 collective bargaining process. Mr. Pryor advises that the cost to carry out these functions using HRD staff is lower than if these functions were carried out by private contractors. Mr. Pryor states that if the four proposed positions are not approved, the impact on HRD would be the following:

- The function of cost estimating for various contract proposals to be assigned to the new Senior Administrative Analyst position would be done by a Special Assistant XI now

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assigned to budget and fiscal management. Development of the FY 1996-97 budget, conversion to the new FAMIS system, payroll and expenditure tracking, and a planned reorganization of the accounting function of HRD would be "setback" as a result.

- The analysis of salary surveys, and pay, step, and status analysis to be assigned to the new MIS Specialist II position would have to be performed by outside consultants, at a projected cost 57 percent higher than if these functions were performed by ERD staff.
- If the requested new Personnel Technician and Personnel Analyst positions are not approved, HRD would reassign staff who are currently assigned to develop and conduct 35 scheduled civil service examinations, develop the Citywide classification and compensation study, and proceed with essential functions related to filling job vacancies in other City departments.

4. The Budget Analyst notes that the Human Resources Department has existing employees which currently fulfill all of the functions proposed to be assigned to the new temporary employees. As noted above, existing HRD employees were utilized successfully by the Department both during the collective bargaining process in FY 1994-95, and also during FY 1995-96 collective bargaining process to date. In addition, the Budget Analyst notes that three position substitutions were made during the FY 1995-96 budget process in order to increase the MIS staff of the Department of Human Resources and to therefore provide the Department of Human Resources with staff whose functions include analysis of personnel and cost data similar to that which is proposed to be assigned to the new MIS Specialist II requested in this ordinance. The Budget Analyst believes that existing HRD personnel should be utilized to fulfill the Department's needs in the collective bargaining process for the remainder of FY 1995-96, and that proposals for new positions should be considered, together with other City priorities, during the FY 1996-97 budget process.

5. As noted above, the proposed amendment to the FY 1995-96 Annual Salary Ordinance would add 4 new temporary positions in the Department of Human Resources, at an estimated cost, for the period April 1, 1996 through June 30, 1996, of \$58,300. However, the increased annual cost to the City of these new positions, if continued in future fiscal years, based on FY 1995-96 salary levels, is as follows:

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<u>Class</u>	<u>Bi-Weekly Salary At the Top Step</u>	<u>Annual Salary At the Top Step</u>
1242 Personnel Analyst	\$1,881	\$49,094
1818 MIS Specialist II	1,936	50,530
1823 Sr. Admin. Analyst	2,274	59,351
1203 Personnel Technician	1,535	<u>40,063</u>
Salaries Sub-total		\$199,038
Fringe Benefits at 19 percent of salary		<u>37,817</u>
Total		\$236,855

6. Ms. Rachel Robbins of the Human Resources Department (HRD) advises that the HRD and the City Attorney's Office selected the professional services consultants listed above on a sole source basis because these consultants had been used effectively in FY 1994-95, and/or have specific expertise which, in their judgement, is not available from other contractors. Therefore, no Request for Proposal process was used to select these consultants.

7. Mr. Jonathan Holtzman of the City Attorney's Office advises that the amount of \$40,000 for Robert N. Garrett, who provided a salary survey and other information for the craft workers unions negotiations, has already been expended. In addition, HRD notes that some funds have been expended for negotiations which are already concluded, such as that for the Registered Nurses MOU, as noted above. Therefore, the proposed ordinance should be amended to provide for ratification of action previously taken.

8. The Budget Analyst notes that the actual amount of funds which will be needed for expert witnesses testimony (\$44,750), economic research and testimony (\$75,000), and arbitration (\$76,500), are dependent upon the number of MOUs which are not concluded through bargaining, and subsequently go to arbitration. Therefore, the Budget Analyst recommends that funds for these items, totaling \$196,250, be reserved, pending a report from the Human Resources Department on the actual need for these funds.

9. As noted above, the proposed appropriation includes an amount of \$40,000 for the services of the Controller's Information Services Division to generate data from the City's budget and payroll systems for use by HRD in costing various contract proposals. The Department of Human Resources' Employee Relations Division did not include funds for services of the Controller's ISD in its FY 1995-96 budget.

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10. As noted above, the proposed appropriation includes an amount of \$150,000 for the services of the City Attorney to assist in the collective bargaining negotiations. The Department of Human Resources' Employee Relations Division did not include funds for services of the City Attorney in its FY 1995-96 budget.

- Recommendation:**
1. **Item 8 - File 101-95-65** Amend the proposed ordinance to reduce the appropriation for temporary salaries by \$46,600, from \$46,600 to zero, and to reduce the amount for fringe benefits by \$11,700, from \$11,700 to zero, for an overall reduction in the appropriation of \$58,300, from \$485,500 to \$427,200.
 2. **Item 8 - File 101-95-65** Amend the proposed ordinance to provide for ratification of actions previously taken, in accordance with Comment No. 7.
 3. **Item 8 - File 101-95-65** Reserve \$196,250, in accordance with Comment No. 8, for consultant services and arbitration costs pending a report by the Department of Human Resources on the number of days of arbitration required for MOUs concluded in FY 1995-96.
 4. **Item 8 - File 101-95-65** Approve the proposed ordinance as amended.
 5. **Item 9 - File 102-95-16** Disapprove the proposed ordinance providing for the addition of four new temporary positions for the Department of Human Resources in the FY 1995-96 Annual Salary Ordinance.

Final Approved Supplemental Appropriation FY 1995/96

Department of Human Resources, Employee Relations Division Collective Bargaining Negotiations

PERSONNEL:

Temporary salaries	\$46,599
Mandatory Fringes	\$11,700

NON-PERSONNEL:

Attachment
Page 1 of 1

Bargaining Unit	Economic Consult Research Hours	Projected Cost* \$100/hour	Hrs. of Expert Testimony	Projected Cost* \$125/hour	Legal Hours	Projected Cost* \$150/hour	Days In Arbitration	Projected Cost** \$1,500/day	TOTAL COST
Professional Services									
Police Management	-	\$0	10.00	\$1,250	-	\$0	3.00	\$4,500	\$5,750
Fire Management	-	\$0	10.00	\$1,250	-	\$0	3.00	\$4,500	\$5,750
Airport Police Mgmt	-	\$0	10.00	\$1,250	-	\$0	3.00	\$4,500	\$5,750
RNs	-	\$0	-	\$0	-	\$0	-	\$0	\$0
Supervisory RNs	-	\$0	20.00	\$2,500	-	\$0	-	\$0	\$2,500
Crafts Coalition***	-	\$0	200.00	\$25,000	-	\$0	30.00	\$45,000	\$70,000
Local 21	-	\$0	60.00	\$7,500	-	\$0	8.00	\$12,000	\$19,500
Building Inspectors	-	\$0	24.00	\$3,000	-	\$0	2.00	\$3,000	\$6,000
District Attorney	-	\$0	4.00	\$500	-	\$0	2.00	\$3,000	\$3,500
TWU 250 A	-	\$0	20.00	\$2,500	-	\$0	-	-	\$2,500
Unrepresented	-	\$0	-	-	-	-	-	-	\$0
General									
Legal	-	-	-	-	-	\$40,000	-	-	\$121,250
Surveys	\$20,000	-	-	-	-	-	-	-	\$40,000
Research	\$115,000	-	-	-	-	-	-	-	\$20,000
Subtotal - Professional Services									\$115,000
Less carryforward from FY 1994/95 funds									\$296,250
									(\$59,050)
Services of Other Departments									
Controller ISD - Programming/Service Needs - 800 hours @ \$50 per hour									\$40,000
City Attorney - Legal Services									\$150,000
TOTAL NON-PERSONNEL COSTS									\$427,201

* Projected Cost is based upon an average of the actual costs incurred during the 1994 - 95 negotiations.

** Per day costs of prior year's negotiations averaged at \$1,500.00, (including transcription costs) and is the per-day cost used here.

*** 17 Crafts Unions

Item 10 - File 101-95-70

Department: Department of Social Services (DSS)

Item: Supplemental appropriation ordinance appropriating and rescinding \$319,895, Department of Social Services, for materials and supplies and equipment for automation projects.

Amount: \$319,895

Source of Funds: Reappropriation of existing FY 1995-96 budgeted funds

Description: The Department of Social Services (DSS) is requesting authorization to reappropriate \$319,895 from the DSS's Permanent Salaries and related Fringe Benefit accounts for FY 1995-96 budget, and use these funds for a one-time purchase of various automation and computer-related equipment. The proposed computer equipment is for purposes of improving the Department's efficiency by reducing current computer down-time, and allowing DSS employees to communicate electronically with other DSS divisions, other City departments, community groups and the State.

The DSS reports that surplus salary savings are now available from the Department's Permanent Salaries and related Fringe Benefit accounts because of not filling vacant positions and delays in hiring for both the Food Stamp program and the Aid to Families with Dependent Children (AFDC) program which had lower than anticipated caseloads. The DSS did not anticipate these lower caseloads and actually added 17 positions in the current FY 95-96 budget for the Food Stamp Program.

According to Ms. Julie Murray Brenman of the Department of Social Services (DSS), on a department-wide basis, the DSS's budget is funded through a combination of Federal, State (approximately 70 percent) and General Fund monies (approximately 30 percent). Ms. Murray Brenman reports that approximately 30 percent of any savings achieved in the current fiscal year for salary savings would otherwise revert back to the General Fund. Therefore, the DSS's proposal is to redirect these savings to purchase computer equipment for \$319,895, comprised of \$223,926 funded through Federal and State funds (approximately 70 percent) and \$95,969 funded through the General Fund (or approximately 30 percent). The State Health and Welfare Agency Data Center has already approved the acquisition of the proposed computer items.

Budget: The following automation and related equipment items would be purchased with the proposed reallocated funds:

**Digital Equipment Corporation (DEC)
Upgrade (\$206,434)**

The DSS would upgrade the current office system to allow administrative and clerical users to perform more efficient word processing and E-mail activities. The proposed upgrade would also include a five year warranty.

DEC Hardware/Software	\$125,816	
DEC Maintenance Contract	43,348	
Travel Expense (for the DEC Maintenance Contract)	1,500	
Word Processing and Other Software	<u>35,770</u>	
Total		\$206,434

**Success Center/Employment and Training
Services and Equipment (\$47,277)**

The DSS would purchase personal computers and printers for clients' use at the "Express to Success Center", which is where Greater Avenues to Independence (GAIN) participants receive job training. DSS staff located at the Success Center would also be provided computers to A van would also be purchased to transport clients for their job search activities clients receive intensive training and support for job search activities (See Comment #5).

3 Personal Computers, at \$1,990 each	\$5,970	
2 Printers, at a cost of \$999 and \$1,110	2,109	
Computer Supplies (monitors, cables keyboards and software)	<u>19,068</u>	
Total		27,147
Transport Van		20,130

DEC E-Mail Upgrade (\$52,984)

The proposed upgrade would enable the DSS staff to communicate through E-mail with other City, State and community groups.

DEC Software	\$15,872
DEC Maintenance	2,459
E-Mail Software	5,440
File Transfer Software	14,682
File Transfer Maintenance	1,531
Consulting Services (See Comment #3)	<u>13,000</u>

Total \$52,984

Planning/Fiscal Local Area Network (\$1,200)

The proposed purchase would enable the Planning and Fiscal Operations Division to share budget and claims information through a local area network.

Network Cards	\$800
Cables	<u>400</u>

Total 1,200

Family and Children Services (FCS)/Juvenile Court Computers (\$12,000)

The proposed purchases would be for child welfare staff located at the Youth Guidance Center to enable staff to file all legal notices including dependency, adoption and legal guardianship cases (approximately 400 notices weekly). The Superior Court's system is all processed on-line. Currently, 8 staff share three computers, and the proposal would provide a total of five computers for 8 staff.

2 Personal Computers (\$6,000 each) 12,000

Total for all Projects \$319,895

Comments:

1. According to the Purchasing Department, the \$206,434 budgeted for the DEC Upgrade and the \$52,984 budgeted for the DEC E-mail upgrade would be purchased through an existing contract with DEC. DEC is neither an MBE or WBE firm. The DSS reports that the advantage of the proposed DEC upgrade would be to improve DSS communication and coordination, to reduce paperwork, to handle additional

users. Ms. Murray Brenman reports that the current system occasionally freezes and is extremely slow with the high volume of current users.

2. According to Ms. Deborah Vincent James of EIPSC, the proposed DEC upgrade and related computer purchases have been included in the current DSS's Master Plan which has been reviewed and approved by the EIPSC committee. Ms. Vincent-James reports that the EIPSC has not reviewed the proposed computer purchases for the Success Center. However, Ms. Vincent-James indicates that City departments can purchase up to 20 personal computer items annually without the review of EIPSC and the DSS is within that limit.

3. Included in the \$52,984 budgeted for the DEC E-mail upgrade is \$13,000 for consulting services. These funds would be utilized for the DSS to implement the E-mail system. The DSS would utilize Ioele/Griggs & Associates who is neither an MBE, WBE or LBE firm. The DSS reports that because of the complexity of the proposed E-mail system, which would provide the DSS with access to the State E-mail system, and would entail linking several hundred users at various DSS sites, the DSS is proposing to sole-source the contract to Ioele/Griggs & Associates who has expertise on the DEC system. Ioele/Griggs & Associates would implement the E-mail system within an estimated 16 to 20 day timeframe for \$13,000 (which is between \$81 and \$102 hourly).

4. The (a) \$1,200 budgeted to implement a local area network, the (b) \$27,147 budgeted for the Success Center computers and related equipment, and the (c) \$12,000 budgeted for computers at YGC would be purchased through the City's Computer Store contract. The City's Computer Store allows City departments to select one of three vendors for the purchase of computers and related supplies, which provides uniformity of prices among City departments and expedites the processing of requisitions. According to Ms. Mary Ng of the Purchasing Department, the City's Computer Store contract was awarded to three vendors, based upon a competitive vendor selection process. The three vendors and the MBE/WBE status of the vendors are as follows:

<u>Vendor</u>	<u>MBE/WBE/LBE Status</u>
Ciber Network	LBE/MBE firm
Desktop Products	Not MBE/WBE or LBE firm
Edge Information Services	Not MBE/WBE or LBE firm

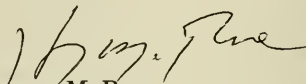
Purchasing guidelines specify that City departments can utilize any of these three vendors for personal computer hardware, software and supplies, such as printer ribbons, toner cartridges and disks.

5. The Success Center, located at 30 Van Ness, is a newly created program which began in February, 1996, and was budgeted in the 1995-96 budget as previously approved by the Board of Supervisors. According to Ms. Murray Brenman, an estimated 400 AFDC recipients annually would attend job skill classes at the Success Center. The proposed computer purchase and related equipment, supplies and software would enable the clients to learn basic word processing skills and to update resumes. In addition, DSS staff located at the Success Center would be provided terminals to complete program activities by accessing the DSS system. The van would be purchased to drive clients to and from their job search activities. Currently, clients are provided MUNI Fast Passes to proceed to their job destinations. The DSS reports that many clients have not been successful in their job searches, and the vehicle will enable the trainer to encourage a positive job search.

6. The DSS reports that the costs for a five year maintenance agreement are included in the costs of the above-listed DEC computer equipment. The above-listed DEC E-mail software also includes the cost for annual maintenance agreements.

7. The Budget Analyst has reviewed the actual quotations provided for the proposed computer equipment and related maintenance agreements. Based upon this review, the proposed supplemental appropriation ordinance should be amended to reduce the amount by \$1,500 budgeted for Travel Expense. The DEC Maintenance Contract, which is budgeted at \$43,348, includes travel expenses, and therefore does not have to be budgeted separately by DSS.

- Recommendations:** 1. Amend the proposed ordinance to reduce the amount by \$1,500 for Personal Services/Maintenance Contracts (451066) from \$90,068 to \$88,568. The total of the proposed ordinance should be reduced from \$319,895 to \$318,395.
2. Approve the proposed ordinance as amended.



Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng

Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Sam Yockey
Paul Horcher
Ted Lakey

07
Memo to Budget Committee
April 3, 1996

REVISED

April 3, 1996 Budget Committee
Item 10 - File 101-95-70

196
users. Ms. Murray Brenman reports that the current system occasionally freezes and is extremely slow with the high volume of current users.

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Vendor

Ciber Network/RNF, a joint venture

Desktop Products

Edge Information Services

MBE/WBE/LBE Status

Ciber Network is a WBE firm/

RNF is an LBE/MBE firm

Not MBE/WBE or LBE firm

Not MBE/WBE or LBE firm

DEC E-Mail Upgrade (\$52,984)

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2 Personal Computers (\$6,000 each)	<u>12,000</u>
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Total for all Projects	\$319,895
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30 MINUTES
REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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WEDNESDAY, APRIL 10, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 410

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:06 P.M.

HEARINGS

1. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

(Consideration Continued from 4/03/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Ed Harrington, Controller. IN
SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO APRIL 24, 1996,
MEETING.

VOTE: 3-0.

2. File 100-96-3. [Budget Status and Projections, State Budget Impact] Hearing to consider the status of San Francisco's budget; the budget projections for 1996-97; three year budget projections and impact of State's budget on San Francisco. (Supervisor Hsieh)

(Consideration Continued from 4/03/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Ed Harrington, Controller. IN
SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO APRIL 24, 1996,
MEETING.

VOTE: 3-0.

REGULAR CALENDAR

3. File 101-95-69. [Appropriation, Trial Courts] Ordinance appropriating \$2,900,000, Superior Court, of Court Special Revenue Fund to a capital improvement project for Civic Center courthouse construction for the Trial Courts for fiscal year 1995-96. (Controller) RO #95179 (COMPANION TO FILE 101-93-118.2 AND FILE 101-93-24.3)

SPEAKERS: ELECTED OFFICIAL: Honorable William Cahill, Judge, Superior Court. DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst. Alan Carlson, Chief Executive Officer, Superior Court. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add a Section 2 to place \$2,900,000 on reserve. AMENDED TITLE:
"Ordinance appropriating \$2,900,000 of Court Special Revenue Fund revenue to a capital improvement project for Civic Center Courthouse construction for the Trial Courts for fiscal year 1995-96; placing \$2,900,000 on reserve."

VOTE: 3-0.

4. File 101-93-118.2. [Reserved Funds, Superior and Municipal Courts] Hearing to consider release of reserved funds, Superior and Municipal Courts (Courthouse Construction Fund), in the amount of \$660,000 to fund the Civic Center, Courthouse construction manager's contract. (Superior and Municipal Courts) (COMPANION TO FILE 101-95-69 AND FILE 101-93-24.3)

SPEAKERS: ELECTED OFFICIAL: Honorable William Cahill, Judge, Superior Court. DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst. Alan Carlson, Chief Executive Officer, Superior Court. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF \$660,000 APPROVED. FILED.

VOTE: 3-0.

5. File 101-93-24.3. [Reserved Funds, Superior and Municipal Courts] Hearing to consider release of reserved funds, Superior and Municipal Courts (Courthouse Construction Fund), in the amount of \$7,420 for miscellaneous costs in connection with the construction of the Civic Center Courthouse. (Superior and Municipal Courts) (COMPANION TO FILE 101-95-69 AND FILE 101-93-118.2)

SPEAKERS: ELECTED OFFICIAL: Honorable William Cahill, Judge, Superior Court. DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst. Alan Carlson, Chief Executive Officer, Superior Court. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF \$7,040 APPROVED. FILED.

VOTE: 3-0.

6. File 101-95-71. [Appropriation, Department of Public Works] Ordinance appropriating \$63,590,000, Department of Public Works, of 1996A City Hall Improvement Bond Fund proceeds for design and construction of non-seismic improvements at City Hall, for bond issuance costs for the offices of the Chief Administrative Officer, Controller and the City Attorney and for repayment of the General Fund advance for fiscal year 1995-96. (Controller) RO #95182

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Margaret Kisliuk, Budget Director, Office of the Mayor; Tony Irons, Project City Hall Manager, Department of Public Works. PARTIAL SUPPORT: Jim Hass, Chairman, Civic Center Program. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO APRIL 24, 1996, MEETING.

VOTE: 3-0.

7. File 155-96-2. [Reward Authorization] Ordinance authorizing payment of reward to Doe One and Doe Two for supplying information leading to the arrest and conviction of the perpetrator who murdered Alexis McNeal on April 4, 1994. (Mayor)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 2-1. (Supervisor Bierman absent.)

8. File 101-95-65. [Appropriation, Department of Human Resources] Ordinance appropriating \$485,500, Department of Human Resources, from the General Fund Reserve for salaries, fringe benefits, professional services and services of other departments for the creation of four (4) positions to provide the department with additional support for labor negotiations for fiscal year 1995-96. (Controller) RO #95172 (COMPANION TO THE FOLLOWING FILE)

(Consideration Continued from 4/03/96)

SPEAKER: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst; Wendell Pryor, Executive Director, Department of Human Resources; Margaret Kisliuk, Budget Director, Office of the Mayor; Jonathan Holtzman, Deputy City Attorney. IN SUPPORT: Linda Jofuko, Local 21. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED.
Reduce appropriation to \$464,628; change from permanent to temporary salaries; delete 1818L MIS Specialist II position; add a Section 3 placing \$146,250 on reserve. AMENDED TITLE: "Ordinance appropriating \$464,628 from the General Fund Reserve for salaries, fringe benefits, professional services and services of other departments for the creation of three (3) positions to provide the Department of Human Resources with additional support for labor negotiations for fiscal year 1995-96; placing \$146,250 on reserve."

VOTE: 2-1. (Supervisor Hsieh dissenting.)

9. File 102-95-16. [Salary Ordinance Amendment, Dept. of Human Resources] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96) Department of Human Resources, reflecting the creation of four (4) positions (Classifications 1242 Personnel Analyst (1), 1818 MIS Specialist II (1), 1832 Senior Administrative Analyst (1) and 1203 Personnel Technician (1). (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

(Consideration Continued from 4/03/96)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Wendell Pryor, Director, Department of Human Resources; Margaret Kisliuk, Budget Director, Office of the Mayor; Jonathan Holtzman, Deputy City Attorney. IN SUPPORT: Linda Jofuko, Local 21. OPPOSED: None.

ACTION: HEARING HELD. TABLED.

VOTE: 3-0.

TIME MEETING ADJOURNED: 3:00 P.M.

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
 FAX (415) 252-0461

April 5, 1996

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TO: Budget Committee**FROM:** Budget Analyst *Recommendation for meeting of*

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SUBJECT: April 10, 1996 Budget Committee MeetingItems 1 and 2 - Files 100-95-12 and 100-96-3

Note: These items were continued by the Budget Committee at its meeting of April 3, 1996.

These items are hearings concerning (a) the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years and (b) the City's three-year budget projections and the impact of the State's budget on San Francisco.

The Controller and the Budget Analyst will orally advise the Committee on any updated information pertaining to these items.

1881

Memo to Budget Committee
April 10, 1996 Budget Committee Meeting

Items 3, 4 and 5 - Files 101-95-69, 101-93-118.2 and 101-93-24.3

Department: Trial Courts

Items: Item 3, File 101-95-69 - Ordinance appropriating \$2,900,000 of Courthouse Construction Funds for the Civic Center Courthouse Construction Project

Item 4, File 101-93-118.2 - Release of reserved funds in the amount of \$660,000 for the Civic Center Courthouse Construction Project.

Item 5, File 101-93-24.3 - Release of reserved funds in the amount of \$7,420 for the Civic Center Courthouse Construction Project.

Amount:	\$2,900,000	File 101-95-69
	660,000	File 101-93-118.2
	<u>7,420</u>	File 101-93-24.3
	\$3,567,420	

Source of Funds: Courthouse Construction Fund (consists of surcharges on civil and probate filing fees and parking/traffic fines). As of April 4, 1996, the unappropriated balance of the Courthouse Construction Fund was approximately \$7.2 million.

Description: The new Civic Center Courthouse (Courthouse), which will house the civil divisions of the Superior and Municipal Courts is currently under construction at the corner of McAllister and Polk Streets. The construction of the Courthouse is being coordinated by the Office of the Chief Administrative Officer (CAO) and a Courthouse Construction Committee, which includes representatives from the Trial Courts.

File 101-95-69

In December of 1992, June of 1993, and November of 1993, the Board of Supervisors appropriated \$304,667, \$3,845,822 and \$2,211,922 respectively from the Courthouse Construction Fund, for a total of \$6,362,411, for start-up costs (e. g., Environmental Impact Report, services of other City departments, architectural and design services, asbestos abatement) for the Courthouse project (Files 101-92-12, 101-92-87 and 101-93-24). In July of 1994, the Board of Supervisors approved an additional \$9,722,458 appropriation from the Courthouse Construction Fund for demolition, excavation and construction management costs associated with the Courthouse project (File 101-93-118).

Memo to Budget Committee
April 10, 1996 Budget Committee Meeting

Therefore, total appropriations to date from the Courthouse Construction Fund are \$16,084,869. The requested \$2,900,000 appropriation would bring the total amount appropriated from this Fund to \$18,984,869.

In addition to the \$18,984,869 appropriated from the Courthouse Construction Fund, the Courthouse project is also being paid for by Certificates of Participation (COPs), totaling \$62,047,435 (including \$2,082,045 in earned interest). The Board of Supervisors previously approved the issuance and sale of these COPs, through the San Francisco Courthouse Corporation, in December of 1994 (File 97-94-56.3). The San Francisco Courthouse Corporation is a non-profit entity which was established for the primary purpose of issuing up to \$63 million in COPs to finance the construction of the new Courthouse. COPs are similar to lease revenue bonds in that investors purchase the COPs based on the value of the lease payments. Under a lease agreement between the City and the San Francisco Courthouse Corporation, the City would lease the new Courthouse to the San Francisco Courthouse Corporation for \$1 a year. The San Francisco Courthouse Corporation, in turn, would lease the Courthouse back to the City for the amount of the annual COPs payments over a 25-year period. The City, as lessee, would pay off the COPs through its lease payments to the San Francisco Courthouse Corporation, the lessor. Such payments would be made from the Courthouse Construction Fund. The COPs were sold in June of 1995. The lease payments, which will be for 25 years, will commence after the new Courthouse is completed. The estimated average annual lease payments for each of these 25 years is \$3.9 million, which will be supported from the Courthouse Construction Fund, according to the Office of the CAO and the Trial Courts.

Of the above-noted \$62,047,435 in COPs, a total of \$47,020,782 is designated for the Courthouse project's construction contract. Mr. Neal Taniguchi of the Office of the CAO advises that through the Department of Public Works (DPW) Invitation for Bids process, the construction firm of Huber, Hunt and Nichols, Inc. was selected, based on a base bid amount of \$45,515,000, as the lowest responsible bidder to provide the necessary construction services for the Courthouse project (see Comment No. 2). Huber, Hunt and Nichols, Inc. is neither an MBE or a WBE firm. In addition to the \$45,515,000 contract amount, the CAO has budgeted an additional \$1,505,782 for construction contingencies, bringing the total cost of the construction contract and construction

contingencies to \$47,020,782. The total estimated budget for the Courthouse project is \$70,502,699. Of that amount, the total estimated cost of construction, including the construction contract is \$48,728,455 (\$45,515,000 for the construction contract plus a total of \$3,213,455 for other construction costs). These other construction costs of \$3,213,455 include asbestos abatement (\$484,834), demolition (\$278,434), tele-computer installation (\$700,000) and excavation, shoring and toxics abatement (\$1,750,187).

The Office of the CAO reports that actual construction began on the Courthouse in June of 1995 and is anticipated to be completed by June 12, 1997. According to Mr. Clyde Cohen of the Office of the CAO, construction is currently 38 percent completed.

The requested \$2,900,000 would be used by the Office of the CAO to pay for (1) a portion of the cost for furnishings, fixtures and equipment for the Courthouse project (\$2,200,000) and (2) telephone/computer installation (\$700,000). The Office of the CAO advises that contractors have not yet been selected to provide these services/equipment and, therefore, the Office of the CAO is requesting that these funds be placed on reserve pending the selection of contractors, the MBE/WBE status of the contractors and contract cost details. The Office of the CAO reports that the total estimated cost of the furnishings, fixtures and equipment for the Courthouse project is \$3,400,000. According to the Office of the CAO, the \$3,400,000 is based on preliminary estimates from various vendors (see Attachment I for a summary budget based on the preliminary estimates). The reason that the Trial Courts are requesting the \$2,900,000 at this time is because the construction on the Courthouse building is scheduled to be completed by June 12, 1997 and the Office of the CAO estimates that approximately six months will be required to process the bids for the services and an additional eight to nine months will be required to build and install some of the various fixtures and furnishings (e. g., courtroom furnishings, room partitions).

File 101-93-118,2

As noted above, the Board of Supervisors previously approved a \$9,722,458 supplemental appropriation for demolition, excavation and construction management costs associated with the Courthouse construction project (File 101-93-118). Of the \$9,722,458 appropriated, \$2,769,323 was placed on reserve, pending selection of contractors, cost details and

BOARD OF SUPERVISORS
BUDGET ANALYST

MBE/WBE status of the contractors. The Board of Supervisors previously released \$2,109,323 of these reserved funds, leaving a balance of \$660,000 still on reserve. The \$660,000 represents one-half of the total contract amount of \$1,320,000 (based on 12,597 hours of service at an average cost of \$104.79 per/hr.) for construction management services provided by Luster Construction Management. The Board of Supervisors previously approved the contract with Luster Construction Management, an MBE firm, but placed \$660,000 of the contract amount on reserve pending representatives of the Office of the CAO and the Trial Courts providing a status report on how Luster Construction Management was performing its construction management duties and how the Courthouse project was proceeding in general (File 101-93-118.1).

Attachment II from the Trial Courts, provides an evaluation of Luster Construction Management's performance to date and describes the current general status of the Courthouse project. As such, the Office of the CAO is now requesting that the remaining \$660,000 be released from reserve to pay for the balance of the construction management contract.

File 101-93-24.3

As noted above, the Board of Supervisors previously approved a \$2,211,922 supplemental appropriation for start-up costs for the Courthouse project including architectural and design services, asbestos abatement, contingencies and other miscellaneous costs (File 101-93-24). Of the \$2,211,922 appropriated, \$324,500 was placed on reserve because (1) a contractor had not been selected to perform the asbestos work and (2) the contingency fund monies for the work to be performed were not immediately required. The Board of Supervisors has previously released a total of \$317,080 of the \$324,500 (Files 101-93-24.1 and 24.2), leaving a balance still on reserve of \$7,420. The Office of the CAO is now requesting that this remaining \$7,420 be released from reserve to pay for the building permit. Mr. Cohen advises that the building permit for the new Courthouse building was originally estimated to cost approximately \$273,000. According to Mr. Cohen, the actual amount of the building permit is \$293,280 or approximately \$20,280 more than the original estimate. Mr. Cohen states that the \$7,420 would be used to pay for a portion of the \$20,280 balance, with the remaining \$12,860 be paid from project contingency funds.

Budget:

Attachment III contains a budget for the Courthouse Construction Project. As noted above, the total estimated cost

BOARD OF SUPERVISORS
BUDGET ANALYST

of this project is \$70,502,699. This Attachment also shows (1) total design costs as a percentage of total construction costs, (2) total appropriations to date and total amounts expended to date and (3) the specific funding sources by name and amount, for the Courthouse project and describes how much per filing fee and parking/traffic fine is designated to be deposited to the Courthouse Construction Fund. The funding sources include \$62,047,435 (\$59,965,390 plus \$2,082,045 in interest) from Certificates of Participation (COPs) and \$20,951,890 in Courthouse Construction Fund monies.

Comments:

1. As noted above, in addition to the Courthouse Construction Funds which are the subject of the proposed legislation, the Courthouse project is also being paid for by COPs. According to Mr. Taniguchi, expenditures have been incurred against the COPs for payment of the construction contract. According to Mr. Harrington, pursuant to Section 11.1 of the Administrative Provisions of the Annual Appropriation Ordinance, if funds of any kind are issued for a specific purpose, as was the case of the COPs for the Courthouse project, such funds are automatically considered appropriated, without the necessity of separate legislative approval by the Board of Supervisors. As such, Mr. Harrington advises that the COPs were available for expenditure by the Office of the CAO. Mr. Harrington notes that all prior legislation submitted to the Board of Supervisors for approval in connection with the COPs (e. g., the issuance and the sale of the COP's) stated that these funds would be used for the specific purpose of funding the Courthouse project.

2. Attachment IV lists (1) all the firms which submitted bids, along with the bid amounts, for the provision of construction services for the Courthouse project, (2) the MBE/WBE status of these firms, and (3) the subcontractors including, the amount of each subcontract and the MBE/WBE status of the subcontractor.

Memo to Budget Committee
April 10, 1996 Budget Committee Meeting

- Recommendations:**
1. Amend the proposed ordinance (File 101-95-69) by placing \$2,900,000 on reserve pending the selection of contractors, the MBE/WBE status of the contractors and contract cost details, and approve the proposed ordinance as amended.
 2. Approve the requested release of reserved funds (\$660,000 under File 101-93-118.2 and \$7,420 under File 101-93-24.3).

Attachment I
1 of 3

San Francisco Civic Center Courthouse
Furniture, Fixtures and Equipment
Budget Summary
April 4, 1996

Courtroom Fixed Seating, Movable Chairs and Courtroom Accessories	773,662.90
Jury Assembly Room Fixed Seating	49,282.00
Clerk of Court's Open Offices (Powered modular partitions and accessories; task chairs)	320,568.10
Clerk of Court's High Density Files	165,000.00
Dependency Clerk's High Density Files	15,000.00
Judges' Chambers (Powered modular partitions, chairs, guest chairs, conference tables, lateral files, window coverings)	161,685.20
Commissioners' Chambers (Desks, chairs, lateral files)	48,877.20
Miscellaneous Window Coverings	13,059.00
Law Library (Task chairs, library chairs, table, window coverings, carrels, library shelving) carrels, library shelving)	20,933.82
Attorney Conference Rooms (Tables)	8,932.00
Jury Deliberation Rooms (Jury tables, window coverings, marker boards)	14,356.00
Probate Ex Parte Conference (Conference table, marker board)	1,864.00
Pretrial Conference Room (Guest chairs, conference tables, marker boards)	3,429.00
Public Viewing Room (Desks, task chairs, tables, stools)	5,782.00
Judges' Conference Room (Chairs, tables, window coverings, evidence board)	41,297.18
Multi-Purpose Room (Training tables, window coverings, evidence board)	14,840.00
Family Law Waiting Area	0.00
Probate Waiting Area	0.00

Attachment I

2 of 3

PJ Suite Open Offices (Powered modular partitions and accessories, task chairs, lateral files, window coverings)	23,784.90
Administration Open Offices (Powered modular partitions and accessories, task chairs, lateral files, window coverings)	71,926.01
Probate Dept. Open Office (Powered modular partitions and accessories, task chairs)	43,822.00
Family Law Files (Lateral files)	6,993.00
Jury Services Open Offices (Powered modular partitions and accessories, task chairs)	31,433.22
Pretrial Services Open Offices (Powered modular partitions and accessories, task chairs)	24,161.40
Juvenile Dependency Clerks Open Offices (Powered modular partitions and accessories, task chairs, vertical files)	11,622.80
Juv. Dependency Calendar Clerk (Desk, task chair, keyboard trays)	2,024.00
Probate Calendar (Desk, task chair, lateral files, keyboard trays)	4,090.50
MIS Open Offices (Powered modular partitions and accessories, task chairs)	14,159.32
All Private Offices (Desks, task chairs, guest chairs, lateral files, window coverings, keyboard trays)	233,873.66
Computer Room (Desk)	954.00
Family Court Services Open Offices (Vertical files, task chairs)	2,109.00
Micrographics Open Offices (Powered modular partitions and accessories, task chairs)	23,809.66
Imaging Open Offices	0
Shared Libraries (Task chairs, tables, window coverings)	12,536.00
File Storage (Lower Level) (High density files)	60,000.00
Miscellaneous Conference Rooms (Conference tables)	8,020.00
Computer Training Room (Task chairs, training tables, marker boards)	5,316.00
Lockers (Full size and half size lockers, stools)	18,930.00

Attachment I

3 of 3

Childcare (Window coverings)	185.00
Waiting (Rm 409A, Window Coverings)	315.00
<hr/>	
Subtotal	2,258,633.87
Contingency	584,386.56
Soft Costs**	556,979.57
Grand Total	<u>3,400,000.00</u>

Note: Existing equipment and furnishings which are reused are not included in this cost

** Soft costs include: Consulting fees; handicapped lifts; building security equipment & accessories; Jury, Jury Assembly and corridor furniture buy back; interim court furniture buy back)

SAN FRANCISCO
SUPERIOR AND MUNICIPAL COURTS633 Folsom Street, Room 500
San Francisco, CA 94107-3600

April 2, 1996

Hon. Thomas Hsieh
Chair, Budget Committee
Board of Supervisors
401 Van Ness Avenue, Rm. #301
San Francisco, CA 94102

Subject: Release of Reserve for Construction Management for Civic Center
Courthouse Project; File 101-95-069; Ordinance 289-94

Dear Supervisor Hsieh:

In 1994, when an appropriation was requested for construction management of the courthouse project, you requested that half of the contract amount be put on reserve so that the status of the project could be reviewed at the project midpoint in light of problems on other City projects. The courts and relevant city agencies are now requesting that the reserve on one half of the construction management company's contract be lifted. The purpose of this letter is to convey to you our courts' support, as well as that of the city's project manager and the joint venture architects for the continued use of Luster Construction Management as construction manager for the Civic Center Courthouse project.

The new courthouse project has, to date, been a successful project. This is due to a complete design process including a peer review, a straight forward bid/contract process, and a pro-active "partnering" relationship between the courts, the city, the joint venture architects, the contractor, and the construction manager. Through the partnering process all parties have committed to resolving all problems through weekly meetings and avoiding claims, allegations, and counter-allegations in order to achieve the timely completion of the project.

The result of this effort is a project which is proceeding on time, and not subject to cost overruns or excessive claims. After 18 months of demolition and construction, no time extensions, other than rain delays, have been needed. The project is now expected to be completed in mid-June 1997, and all sides agree this can

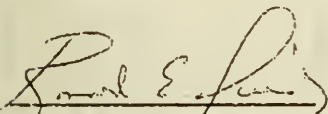
Attachment II2 of 2

Hon. Thomas Hsieh
April 2, 1996
Page Two

be accomplished.

So far all problems, which inevitably arise in a project this large and complicated, have been resolved in a cooperative manner. Luster Construction Management's team has taken a leadership role in achieving and maintaining this status. The construction manager chairs meetings between the city, courts, architects, and contractor which have anticipated and avoided problems, as well as resolving those that have arisen. The construction manager has also been tenacious in insuring that the contractor and subcontractors are coordinating their work so that construction will proceed efficiently without surprises or delays, as the trades intensive stage of the project begins.

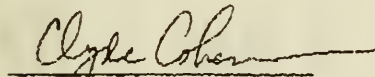
All involved believe that the presence of Luster Construction has been both beneficial to the project and cost effective. For all of these reasons we ask that the reserve be lifted to permit the balance of the construction management contract to be completed.



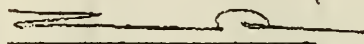
Hon. Ronald Quidachay
Chair, Courthouse
Construction Committee



Alan Carlson
Chief Executive Officer
San Francisco Trial Courts



Clyde Cohen
Project Manager



Charles Drulis
Joint Venture Architects

cc: Sandra Brown Richardson, Harvey Rose and Associates
Sue Bierman, Harvey Rose and Associates
Barbara Kaufman, Harvey Rose and Associates

Courthouse Project Summary

SOURCES:	Activity	Original Budget	Previously App Courthouse Construction Funds	Est. Expended to date of Construction	Appropriations From Courthouse Construction Fund	Uses of COES	Expenditures To Date	Percent to Total Budget	Estimated Construction Expenditures
COP Proceeds		\$55,425,000				\$59,965,390			\$59,965,390
Interest on Proceeds		\$3,849,862				\$2,082,045			\$2,082,045
Courthouse construction fund appropriations-1		\$31,024,940	\$16,084,869	\$16,051,890	\$2,900,000	\$2,082,045			\$18,951,890
Courthouse construction reserved funds-1									\$2,000,000
Total all sources		\$90,298,902	\$16,084,869	\$16,051,890	\$4,900,000	\$62,047,435			\$82,999,325
USES									
Reserve Account		\$11,871,807				\$4,834,784	\$4,834,784	41%	\$4,834,784
Capitalized Interest		\$10,069,776				\$6,272,009	\$6,272,009	62%	\$6,272,009
Cost of Insurance		\$1,360,397				\$946,482	\$946,482	70%	\$946,482
Underwriters Discount		\$555,669				\$419,825	\$419,825	76%	\$419,825
Subtotal financing costs		\$23,857,849				\$12,463,100	\$12,463,100	52%	\$12,463,100
Sources available for project		\$66,441,053	\$16,084,869	\$16,051,890	\$4,900,000	\$49,584,335			\$70,336,225
Project Costs									
Project and Construction Management		\$2,954,875	\$2,094,489	\$2,311,875	\$0	\$736,580	\$1,204,739	41%	\$3,048,455
Pre construction:									
A&E Design, and Inspections		\$4,827,605	\$4,792,605	\$4,826,007		\$341,145	\$4,492,252	93%	\$5,167,152
Environmental Reviews and Permits		\$229,097	\$283,381	\$275,961		\$272,839	\$272,839	119%	\$275,961
Art design, construction and Admin.		\$628,000	\$250,000	\$250,000		\$344,647	\$130,943	21%	\$594,647
Site Acquisition and relocation		\$4,955,000	\$4,955,000	\$5,189,247		\$5,189,247	\$5,189,247	105%	\$5,189,247
Asbestos Abatement and consultants		\$363,500	\$422,720	\$484,834		\$332,097	\$332,097	97%	\$484,834
Miscel consulting and admin fees		\$456,000	\$380,608	\$593,000	\$0	\$165,785	\$165,785	36%	\$593,000
Demolition		\$456,000	\$384,878	\$278,434		\$278,434	\$278,434	61%	\$278,434
Furnishings fixtures and equip		\$3,400,000			\$2,200,000	\$1,200,000		0%	\$3,400,000
Tele-computer installation		\$1,200,000	\$14,400	\$0	\$700,000			0%	\$700,000
Subtotal, Preconstruction		\$19,470,977	\$13,578,081	\$14,209,358	\$2,900,000	\$2,622,372	\$12,086,336	62%	\$19,731,730
Construction - Building:									
Construction Contingency (7.5%)		\$2,000,000	\$269,358		\$2,000,000	\$1,505,782		0%	\$3,505,782
Excavation, shoring, and toxics abatement		\$2,500,000	\$2,237,430	\$1,750,187		\$1,740,187		70%	\$1,750,187
Building		\$41,254,000	\$0		\$0	\$445,515,000	\$6,530,485	16%	\$445,515,000
Subtotal Construction		\$45,754,000	\$2,506,788	\$1,750,187	\$2,000,000	\$47,020,782	\$8,270,672	18%	\$50,270,699
Total Project		\$65,224,077	\$16,084,869	\$15,959,545	\$4,900,000	\$49,643,154	\$20,357,008	31%	\$70,502,699
Total Construction Sources/Uses		\$1,216,976	\$0	\$92,345	\$0	(\$58,819)			\$33,526

1-Courthouse Construction Funds consist of surcharges on various court filing fees and parking/traffic fines, as follows: (1) First filing - Superior Court - \$50; (2) First filing - Municipal Court - \$10; (3) Parking fines - \$1.50; and (4) Traffic violation school fee - \$1.00.

2-The expected Architecture and Engineering Design costs are approximately 10.6% of expected construction costs \$48,720,455.

Sources /Uses

March 27, 1996

TO: Sandy Brown-Richardson
FROM: Néal Taniguchi
RE: Courthouse Construction bids

The construction project received the following seven bids:

Swinerton and Walberg	\$44,380,000
Huber, Hunt, and Nichols	45,515,000
Amoroso	45,870,981
PCL Construction	47,110,000
Morse-Diesel	47,167,208
Barnes/Centex/Golden	48,721,000
Perini Construction	48,954,884

The Swinerton and Walberg the lowest bidder was rejected, because it lacked good-faith efforts in participation of MBE/WBE contractors. None of these firms are MBE or WBE firms.

To: Sandy Brown Richardson, Budget Analyst Office
From: Mary Gin Starkweather, Human Rights Commission
Re: Subcontractors (as of 2/5/96) - Huber, Hunt & Nichols contract

The total amount of Subcontract participation is \$37,688,218 or 83 percent of the \$45,515,000 contract amount. Of the \$37,688,218, a total of \$10,495,841 or 23 percent of the contract amount represents MBE subcontract participation (\$8,188,218 or 18 percent) and WBE subcontract participation (\$2,307,623 or 5 percent), as follows:

<u>Subcontractor</u>	<u>MBE/WBE</u>	<u>Subcontract Amount</u>
1. Alco Irons Works	MBE	\$ 24,900
2. C. M. Electric	MBE	133,000
3. D. M. Plastering	MBE	500,000
4. Golden Gate Glass and Mirror	MBE	50,800
5. L-3 Metal Technologies	MBE	315,000
6. L. C. Electric, Inc.	MBE	265,000
7. Ocampo Talao	MBE	160,000
8. Peerlight	MBE	396,000
9. Pribuss Engineering, Inc.	MBE	275,000
10. Quality Rental	MBE	80,000
11. Bay Area Trucking Co-op	MBE	10,000
12. S & S Contracting	MBE	1,000,000
13. Ward Building Maintenance	MBE	30,000
14. Esquivel Paving & Grading	MBE	54,100
15. Fire Barrier Company	MBE	88,000
16. Imperial Elevator	MBE	68,545
17. K-Z Tile	MBE	99,800
18. Landavazo Brothers, Inc.	MBE	1,464,350
19. LTM Construction Co.	MBE	2,635,123
20. Pacific/Southside Painting	MBE	254,200
21. Professional Technical Services	MBE	40,000
22. Ram Comp	MBE	25,000
23. San Luis Gonzaga Construction	MBE	79,400
24. Spencer & Sons Masonry	MBE	90,000
25. Wards Building Maintenance	MBE	50,000
Subtotal		<u>\$8,188,218</u>

1. A. Answer Incorporated	WBE	\$ 225,000
2. Cresci Electric	WBE	1,540,000
3. R & A Supplies	WBE	366,000
4. City Lumber & Hardware	WBE	50,000
5. Continental Building Specialties	WBE	40,767
6. Perretti & Park Pictures	WBE	21,000
7. Specialties Etc.	WBE	<u>64,856</u>
Subtotal		\$2,307,623
Total		\$10,495,841

The 18 percent in MBE subcontract participation and the 5 percent in WBE participation exceeds the HRC goals for MBE/WBE participation of 16.3 percent and 3.7 percent respectively.

Item 6 - File 101-95-71

Department: Department of Public Works

Item: Supplemental appropriation ordinance appropriating \$63,590,000 for design and construction of non-seismic improvements at City Hall, for bond issuance costs for the Offices of the Chief Administrative Officer, Controller and the City Attorney and for repayment of the General Fund advance for Fiscal Year 1995-96.

Amount: \$63,590,000

Source of Funds: 1995 City Hall Improvement Bond Funds

Description: In November 1995, San Francisco voters approved a \$63.59 million bond issuance to support non-seismic improvements to City Hall (Proposition A). These improvements include increased disability access, telephone and data wiring, electrical service, hazardous material abatement, repair and refurbishment of the copper dome, exterior railings and various other expenditures, as detailed below. The proposed supplemental appropriation ordinance would appropriate the 1995 City Hall Improvement Bond funds for the project.

Construction

\$46,253,453

Construction costs include all of the construction contractor costs for the City Hall Non-Seismic Improvement Project. As of the writing of this report, only three of the contractors have been selected. (See Comment 3.) The successful low bidder(s) would work as subcontractors to the general contractor for the Seismic Retrofit project, Huber Hunt & Nichols. The DPW advises that this arrangement would increase accountability by assuring a single source of responsibility for all City Hall work, and would also avoid complications and added costs that might arise from having two or more competing general contractors at the same job site simultaneously. Construction for the City Hall Non-Seismic Improvement Project is anticipated to be completed by December 31, 1998 (see Attachment 1). The proposed \$46,253,453 in Construction costs would support the following:

Demolition	\$813,000
Asbestos	520,000
Elevators	997,000
Infrastructure	7,714,000
Telecommunications	3,166,000

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Tenant Improvements	\$24,545,000
Windows	998,000
Roofing and Skylights	2,965,000
Dome Cleaning and Restoration	966,000
Ornamental Metals	2,266,000
Exterior/Interior Stone Cleaning	798,000
Signage	<u>375,000</u>
Total for Construction	\$46,123,000

Programming and Planning **\$368,895**

The Programming and Planning phase includes meeting with the tenant departments and planning for space allocation, use and function. Costs for Programming and Planning is as follows:

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>In-House Costs</u>				
<u>DPW</u>				
Senior Architect	139	\$89	\$12,353	
Architect	139	77	10,688	
Architect Associate II	208	66	13,741	
Architect Associate I	278	57	15,823	
Architect Assistant I	139	48	6,662	
Engineering Assistant I	118	50	5,899	
Inspector	<u>69</u>	72	<u>4,997</u>	
Subtotal DPW	1,090			\$70,163
<u>Chief Administrative Officer's Office</u>				
Special Assistant XII	174	40		6,940
<u>Department of Real Estate</u>				
Principal Property Manager	<u>208</u>	96	19,987	<u>19,987</u>
Subtotal In-House Costs	1,472			\$97,090
<u>Consultants</u>				
<u>Turner</u>				
Mechanical/Electric Consultant	347	80	27,760	
Estimator	<u>347</u>	80	<u>27,760</u>	
Subtotal Turner	694			55,520

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>Heller-Manus Group</u>				
Principal	\$347	120	\$41,640	
Senior Architect	521	105	54,653	
Architect	867	90	78,075	
Assistant	<u>645</u>	65	<u>41,917</u>	
Subtotal Heller-Manus Group	<u>2,380</u>			<u>216,285</u>
Subtotal Consultant Costs	3,074			<u>\$271,805</u>
Total for Programming and Planning				\$368,895

Design and Bid Services **\$4,487,626**

Design and Bid Services includes producing all design and construction drawings and specifications. The documents will be advertised and bids received by the DPW Contracts Administration Division. Design and Bid Services, at a total cost of \$4,487,626, represent 9.7 percent of the total estimated construction costs of \$46,253,453 for the project. Budget details for the \$4.5 million Design and Bid Services are as follows:

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>In-House</u>				
<u>DPW</u>				
Senior Architect	278	\$89	\$24,724	
Architect	556	77	42,781	
Architect Associates II	1,389	66	91,674	
Architect Associates I	1,111	57	63,338	
Architect Assistant I	1,389	48	66,672	
Engineering Assistant I	556	50	27,780	
Inspector	<u>833</u>	72	<u>60,005</u>	
Subtotal In-House	6,112			\$376,974
<u>Consultants</u>				
<u>Turner</u>				
Mechanic/Electric Consultant	1,389	\$80	111,120	
Estimator	<u>1,389</u>	80	<u>111,120</u>	
Subtotal Turner	2,778			222,240
<u>Carey & Co.</u>				
Principal	278	110	30,558	
Project Manager	695	85	59,033	
Conservator	<u>863</u>	70	<u>60,409</u>	
Subtotal Carey & Company	1,836			150,000

BOARD OF SUPERVISORS **BUDGET ANALYST**

Memo to Budget Committee
April 10, 1996

	No. of Hours	Hourly Rate	Amount	Total
<u>Joseph Chow & Associates</u>				
Principal	139	135	18,752	
Senior Associate	226	105	23,745	
Architect	417	90	37,503	
Subtotal Page Turnbull	782			80,000
<u>Heller-Manus Group</u>				
Principal	1,667	120	200,016	
Senior Architect	9,167	105	962,577	
Architect	17,501	90	1,575,126	
Assistant	14,165	65	920,693	
Subtotal Heller-Manus	42,500			3,658,412
Subtotal Consultants	47,896			<u>\$4,110,652</u>
Total Design and Bid Services				\$4,487,626

Client Department Services **\$230,617**

Client Department Services includes funding for the offices of the City Attorney, Controller, Controllers ISD, Department of Telecommunications, Real Estate, CAO and the Purchaser to review advise and consent on the design, construction and reoccupation of the building. Specific budget details for Client Department Services are as follows:

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House</u>				
<u>CAO</u>				
Special Assistant XII	1,614	\$42	\$67,801	\$67,801
<u>Real Estate</u>				
Principal Property Mgr.	1,596	102	162,816	<u>162,816</u>
Total Client Department Services				\$230,617

DPW Project Management

\$963,269

DPW Project Management includes funding for 3.2 FTEs to solicit proposals, manage 16 contracts, coordinate all design information, reviews, approvals and permits, and integrate all work into the concurrent seismic project. Specific budget details for DPW Project Management are as follows:

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>DPW</u>				
Project Manager II	1,345	\$81	\$108,965	
Project Manager I	1,076	70	75,334	
Senior Architect	4,036	89	359,182	
Inspector	4,036	72	290,574	
Executive Secretary I	<u>2,749</u>	47	<u>129,214</u>	
Total Project Management				\$963,269

**Permits, Approvals, Testing and
Inspection**

\$1,844,939

Permits, Approvals, Testing and Inspection includes obtaining building permits and local and state preservation review and approval and performing construction inspection and testing of all construction components to assure code compliance and quality assurance. See Attachment 2 provided by DPW for specific permits and permit amounts.

Construction Services

\$2,767,408

Construction Services includes funding for the construction management team of 14.8 in-house FTEs and 4.4 consultant FTEs listed below to monitor all estimates and schedules, analyze costs, interpret the conditions and requirements of the contract and ensure compliance with the contract documents. Budget details for Construction Services are as follows:

Memo to Budget Committee
April 10, 1996

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House</u>				
<u>DPW</u>				
Senior Architecture	3,819	\$89	\$339,891	
Architect	3,055	77	235,250	
Architect Assoc. II	6,110	66	403,286	
Architect Assoc. I	3,055	57	174,146	
Architect Asst. I	3,819	48	183,312	
Engineering Asst. I	3,819	50	190,950	
Inspector	<u>3,819</u>	72	<u>274,968</u>	
Subtotal DPW	27,496			\$1,801,803
<u>CAO</u>				
Special Asst. XII	1,909	40	76,380	76,380
<u>Real Estate</u>				
Principal Property Manger	<u>1,528</u>	96	146,650	<u>146,650</u>
Subtotal In-House	30,933			\$2,024,833
<u>Consultants</u>				
<u>Turner</u>				
Mechanical/Electric Consultant	3,819	80	305,520	
Estimator	<u>3,819</u>	80	<u>305,520</u>	
Subtotal Turner	7,638			611,040
<u>Carey & Co.</u>				
Principal	382	110	42,009	
Project Manager	649	85	55,185	
Conservator	<u>491</u>	70	<u>34,341</u>	
Subtotal Carey & Co.	<u>1,522</u>			<u>131,535</u>
Subtotal Consultants	9,160			<u>\$742,575</u>
Total Construction Services				\$2,767,408

Contract Administration

\$922,469

Contract Administration, at approximately two percent of the total \$46,253,453 Construction costs, includes maintaining a proactive presence on the job site by the architectural and engineering team and working with the contractor on-site to resolve issues arising from unforeseen or changed conditions quickly.

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House</u>				
<u>DPW</u>				
Senior Arch.	955	\$89	\$84,973	
Inspector	<u>1,146</u>	72	<u>82,490</u>	
Subtotal DPW	2,101			\$167,463
<u>Consultants</u>				
<u>Heller-Manus Group</u>				
Principal	766	120	91,656	
Senior Architect	2,482	105	260,647	
Architect	3,819	90	343,710	
Assistant	<u>908</u>	65	<u>58,993</u>	
Subtotal Heller-Manus Group	7,975			<u>755,006</u>
Total Contract Administration				\$922,469

Post-Construction Services **\$922,469**

Post Construction Services, at approximately two percent of the total \$46,253,453 Construction costs, includes funding for alterations and adjustments due to departments changing size and/or function during the construction period. Funds are also included to support follow-up construction services of the building mechanical and utility systems after occupancy. Budget details for Post Construction Services are as follows:

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House</u>				
<u>DPW</u>				
Project Manager II	693	\$81	\$56,149	
Project Manager I	347	70	24,262	
Senior Arch.	1,386	89	123,390	
Architect	1,733	77	133,441	
Inspector	1,733	72	124,776	
Executive Secretary I	<u>260</u>	47	<u>12,217</u>	
Subtotal In-House	6,152			\$474,235
<u>Consultants</u>				
<u>Heller-Manus Group</u>				
Principal	347	120	41,592	
Senior Architect	1,733	105	181,965	
Architect	2080	90	187,164	
Assistant	<u>577</u>	65	<u>37,513</u>	
Subtotal Heller-Manus Group	4,737			<u>448,234</u>
Total Post-Construction Services				\$922,469

BOARD OF SUPERVISORS
BUDGET ANALYST

Lease Extension

\$3,000,000

Funds are required to extend current leases on temporary offices for departments previously occupying City Hall. Attachment 3, provided by the Real Estate Department, contains complete detailed information on the \$3 million request, including the amount allocated to each landlord. As noted on this attachment, the amount of such rent is \$2,996,994, or \$3,006 less than the amount included in this supplemental appropriation request.

Bond Issuance Costs

\$300,000

Funds are required to support the bond issuance costs related to the sale of the City Hall Improvement Bonds, as follows:

City Attorney	\$90,000
Controller	35,000
CAO	<u>175,000</u>

Total Bond Issuance Costs

\$300,000

Pre-Bond Expenditures

\$1,528,855

(See Comment 4)

GRAND TOTAL

\$63,590,000

Budget Summary Table

<u>Cost Component</u>	<u>Total Amount</u>
Construction	\$ 46,253,453
Design and Bid Services	4,487,626
Programming and Planning	368,895
Client Services	230,617
DPW Project Management	963,269
Permits, Approvals, Testing and Inspection	1,844,939
Construction Services	2,767,408
Contract Administration	922,469
Post Construction Services	<u>922,469</u>
Subtotal	\$58,761,145
Lease Extensions	3,000,000
Bond Issuance Costs	300,000
Amount required to reimburse General Fund (See Comment No. 4)	<u>1,528,855</u>
TOTAL	\$63,590,000

Comments:

1. The City Hall Seismic Retrofit, a \$181 million component of the \$332.4 million Earthquake Safety Program - Phase 2, is entirely separate from this proposed supplemental appropriation ordinance. The projects proposed under this supplemental appropriation, as defined by Proposition A, approved by the electorate in November of 1995, were not included in the scope of the seismic project. However, much of the proposed improvement work, such as disabled access and hazardous material abatement, will be an extension of the work being completed as part of the City Hall Seismic Retrofit, according to the DPW.

2. Under this request, the DPW would use four consulting contractors. The hours and hourly rates for these consultants are specified in the budget, above. Each of the consultants was selected through an RFQ process, as follows:

- Heller-Manus, Finger & Moy, Komorous-Towey, a Joint Venture is not an MBE/WBE firm. Finger & Moy is a WBE, and Komorous-Towey is an MBE firm. The DPW received qualifications from nine bidders for this contract;

- Turner Construction is not an MBE or a WBE firm. The DPW received qualifications from seven bidders for this contract;

BOARD OF SUPERVISORS
BUDGET ANALYST

- Carey & Company is a WBE firm. The DPW received qualifications from four firms for this contract; and
- Joseph Chow and Associates is an MBE firm. The DPW received qualifications from 15 firms for this contract.

3. The DPW will be issuing Invitations for Bids (IFBs) for construction contractors, which have a total amount of \$46,253,453, for this non-seismic improvement project at City Hall. As noted above, the successful low bidder(s) would work as subcontractors to the general contractor for the Seismic Retrofit project, Huber Hunt & Nichols.

As of the writing of this report, the DPW has only selected three contractors: Otis Elevators, at \$997,000, for elevator-related work; Aman Environmental, at \$813,000, for demolition; and CST, at \$520,000, for asbestos work. Mr. Irons advises that these contractors are already performing work as subcontractors to Huber Hunt & Nichols. The DPW plans to amend the Huber Hunt & Nichols contract to expand the roles of these three existing subcontractors because of warranties for the elevator work, and the difficulties that are associated with performing asbestos and demolition work by more than one subcontractor at the same site. The amounts included in the above budget for these contractors, at (a) \$997,000 for Otis Elevators, (b) \$813,000 for Aman Environmental, and (c) \$520,000 for CST, were established based on negotiations between the DPW and the general contractors of Huber Hunt & Nichols, according to Mr. Irons.

The remaining estimated amount of construction contract costs, at \$43,923,453 (\$46,253,453 less \$997,000 less \$813,000 less \$520,000), should be reserved pending selection of contractors and information regarding the hours, hourly rates, and MBE/WBE status of the contractors.

4. The Budget Summary Table, above, indicates \$1,528,855 for reimbursement to the General Fund. In December, 1995, the Board of Supervisors approved an ordinance appropriating \$1,528,855 for the City Hall Non-Seismic Improvement Project for FY 1995-96, pending the bond sale. After the bond sale, the funds were to be reimbursed to the General Fund. The \$1,528,855 in costs incurred and previously supported by the General Fund, which would be reimbursed by funding from the proposed supplemental appropriation, are as follows:

<u>Item</u>	<u>Pre-Bond Costs Incurred</u>
Construction	\$199,625
Design and Bid Services	585,956
Programming and Planning	553,574
DPW Project Management	<u>189,700</u>
TOTAL	\$1,528,855

- Recommendations:**
1. Reduce the amount of the supplemental appropriation by \$3,006, from \$63,590,000 to \$63,586,994, to reflect the amount needed for the lease extensions, as reported by the Real Estate Department.
 2. Amend the proposed supplemental appropriation request to reserve \$43,923,453 pending selection of construction contractors and information regarding their MBE/WBE status.
 3. Approve the proposed ordinance, as amended.

PROPOSITION 'A' SCHEDULE

BID PACKAGE SCHEDULES City Hall - 2/2/96											
END OF BIRMIC PROJECT											
NO.	ITEM	1	2	3	4	5	6	7	8	9	COST in millions
1	Demolition / Asbestos	J	F	M	A	M	J	J	A	S	\$97,000
2	Elevators										\$1,333,000
3	MEPF Infrastructure										\$7,714,000
4	Telecommunications										\$3,166,000
5-10	Tenant Improvements Main Floor										\$4,079,000
	Second Floor										\$3,464,000
	Third Floor										\$5,674,000
	Fourth Floor										\$5,995,000
	Ground Floor										\$5,333,000
11	Windows										\$998,000
12	Roofing & Skylights										\$2,985,000
13	Roof Cleaning & Restoration										\$966,000
14	Ornamental Metals										\$2,266,000
15	Exterior/Interior Stone Cleaning										\$798,000
16	Signage										\$375,000
	Systems Start-up										
	Move-in / G-1-2										
	Move-in / 3-4										
											\$46,123,000
LEGEND											
	Programming	P	P	P							
	Survey										
	Design										
	Bid & Award										
	Procurement & Submittals										
	Construction										

CITY & COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
BUREAU OF ARCHITECTURE
CITY HALL IMPROVEMENT PROJECT
MEMORANDUM

TO: Karen Sikkenga **DATE:** 4/4/96

FROM: Russ Abel **SUBJECT:** City Hall Improvements-
Permits, Testing, Inspection

Dear Ms. Sikkenga:

In response to your query about details on the breakdown of the Permits, Approvals, Testing and Inspection category, I am pleased to provide the following information:

PERMITS AND APPROVALS:

Estimated fee for Building Permit	= \$402,000
Estimated fee for City Planning/Landmarks Board review:	= \$ 16,600
Estimated fee for Fire Dept. Plan Check	= \$ 7,050
SUBTOTAL:	\$ 425,650

TESTING AND INSPECTION:

(Modification to existing contract with Signet Testing Labs)

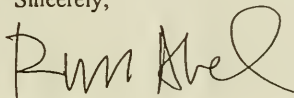
Materials Testing and Inspection	= \$1,034,337
Field Inspectors: 2.1(FTE) x 3819 hrs. x \$48/hr.	= \$ 384,952
SUBTOTAL:	\$1,419,289

CATEGORY TOTAL \$1,844,939

Attached also is the information you requested regarding the selection of Turner Const., Carey & Co. and Joseph Chow & Associates (Page-Turnbull is a subconsultant to Joe Chow); all ESP 2 Project contracts that will be modified for the Improvement Project work.

Please let me know if I may be of further assistance.

Sincerely,



Russ Abel
Senior Architect

CC: Tony Irons
Woody Jones

CITY HALL RELOCATION - ESTIMATED COST TO EXTEND LEASES

Rev. SL-6/7/95	Area SF.	Annual Rate	6 MONTHS	1 YEAR
633 FOLSOM STREET (1), (6), (8)				
Registrar	15,468	\$ 15.00	\$ 116,010	\$ 232,020
Purchaser	6,705	\$ 15.00	\$ 50,288	\$ 100,575
Sheriff(Admin.)	6,336	\$ 15.00	\$ 47,520	\$ 95,040
875 STEVENSON STREET (2)				
All Dept.	121,570	\$ 14.88	\$ 904,481	\$ 1,808,962
401 VAN NESS AVENUE (3)				
All Dept.	59,961	\$ 7.00	\$ 209,864	\$ 419,727
1390 MARKET STREET (4)				
City Attorney (Portion)	15,820	\$ 15.50	\$ 122,605	\$ 245,210
44 GOUGH STREET (5)				
Human Resources	7,955	\$ 12.00	\$ 47,730	\$ 95,460
			\$ 1,498,497	\$ 2,996,994

Notes: 1) Two six month options for full floors at the same rent, 90 and 60 day notice required.

2) Two six month options at actual operating expense.

3) Two six month options at same rent plus increase in operating cost.

4) Two six month options at 95% of the then fair market value.

5) Two two year options at 95% of the then fair market value.

6) Courts area of 141,747 not included, if included, six month additional cost is \$1,063,102, or \$2,126,205 per year.

7) The above estimate does not include operation costs included in the General Fund Budget.

8) 633 Folsom Street cost does not include reconfiguration due to partial floor occupancy.

FROM: OMNIFAX

TO:

APR 3, 1996 2:22PM #173 P.02

Item 7 - File 155-96-2

Department: Mayor
Police Department

Item: Ordinance authorizing payment of reward to Doe One and Doe Two.

Reward Amount: \$10,000

Source of Funds: General Fund - FY 1995-96 Judgements and Claims Account

Description: The Police Department has reported that on April 21, 1994, Ms. Alexis McNeal, a thirteen year old, was shot to death in her home.
--

As part of the investigation into the crime against Ms. McNeal, the Police Department requested that the Mayor exercise his authority under Section 10.177.1 of the City's Administrative Code to offer a reward for information leading to the determination of the identity, apprehension and conviction of the person responsible for the murder of Ms. McNeal. In addition, the Police Department requested that the Mayor set the reward amount at \$10,000.

The Mayor approved the posting of the \$10,000 reward, and subsequent to the reward being posted, two persons named herein as "Doe One" and "Doe Two," provided information to the Police Department leading to the apprehension and identification of the suspect in this crime.

On December 22, 1995, a jury in the San Francisco Superior Court returned a guilty verdict against the suspect in this case.

According to the Police Department, the assistance of Doe One and Doe Two was critical in leading to the identity and the apprehension of the suspect. As such, the Mayor is requesting that the Board of Supervisors now approve the proposed ordinance which would authorize the payment of a \$5,000 reward to Doe One, and a \$5,000 reward to Doe Two, for a total payment of \$10,000.

Comment: The source of funds for payment of the proposed \$10,000 reward would be the FY 1995-96 General Fund Judgements and Claims Account previously approved by the Board of Supervisors.

Recommendation: Approve the proposed ordinance.

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BUDGET ANALYST

Items 8 and 9 - Files 101-95-65 and 102-95-16

Note: These items were continued by the Budget Committee at its meeting of April 3, 1996.

Department: Department of Human Resources

Item: Item 8 - File 101-95-65 Ordinance appropriating \$485,500 from the General Fund Reserve for salaries, fringe benefits, professional services and services of other departments for the creation of four new temporary positions and to provide the Department of Human Resources with outside consulting services for labor negotiations.

Item 9 - File 102-95-16 Ordinance amending the FY 1995-96 Annual Salary Ordinance, reflecting the creation of four new temporary positions; 1242L Personnel Analyst (1), 1818L MIS Specialist II (1), 1823L Senior Administrative Analyst (1), 1203L Personnel Technician (1).

Amount: \$485,500

Source of Funds: General Fund Reserve

Description: The proposed appropriation ordinance (File 101-95-65) would appropriate \$485,500 from the General Fund Reserve to the Human Resources Department (HRD) to pay for four new temporary positions and other costs in order to conduct collective bargaining negotiations with 27 unions whose current Memoranda of Understanding (MOUs) are expiring, and who are subject to collective bargaining as a result of the passage of Proposition F, which was approved by the voters in the November 1994 election. Proposition F mandates that the wages, benefits and working conditions for most City workers be set through collective bargaining.

HRD is currently conducting negotiations to conclude new MOUs with the following 27 unions and employee groups; Police Management, Fire Management, Airport Police Management, Registered Nurses (this MOU has already been concluded, See Comment No. 5), Supervisory Registered Nurses, Local 21, Building Inspectors, District Attorney Investigators Association, Transit Workers Union Local 250, a coalition of 17 crafts workers unions, and a group of approximately 447 employees who are not represented by unions. In order to be able to conduct these collective bargaining negotiations, the Human Resources Department is requesting the following:

Memo to Budget Committee
 April 10, 1996 Budget Committee Meeting

- A proposed amendment to the FY 1995-96 Annual Salary Ordinance (ASO) (File 102-95-16) which would add 4 new temporary positions to the Department of Human Resources in order to provide additional staff for conducting the collective bargaining processes. HRD's estimated cost for these new staff positions, for the period April 1, 1996 to June 30, 1996, is \$58,300 for temporary salaries and fringe benefits.

The Department of Human Resources' Employee Relations Division (ERD) has the following existing positions involved in collective bargaining negotiations:

<u>Classification</u>	<u>FTE</u>	<u>Total Annual Salaries</u>
1220 Payroll Clerk	2	\$77,928
1242 Personnel Analyst	1	48,690
1244 Senior Personnel Analyst	2	118,398
1246 Principal Personnel Analyst	1	63,688
1281 Employee Relations Rep.	1	57,665
1283 Director of Employee Relations	1	94,430
1368 Special Assistant IX	1	48,363
1372 Special Assistant XIII	1	71,436
1446 Secretary II	1	31,550
<u>Workorder Staff</u>		
1282 Princp. Employee Relations Rep.	1	73,576
1450 Executive Secretary I	<u>1</u>	<u>41,667</u>
Totals for Existing Positions	13	\$727,391
Annual Fringe Benefit cost at 19 percent		<u>138,204</u>
Total Annual Cost		\$865,595

An additional 4 positions would increase the ERD staff by nearly 31 percent, at an annual cost for salary and fringe benefits of \$236,855 for the four new positions.

- Contracts with outside consultants which are needed in order to conduct the labor negotiations successfully, according to the Department of Human Resources and the City Attorney. These outside consultants would provide; research and expert testimony on issues such as; (a) comparability of job classes, (b) comparability of wages and benefits in other jurisdictions, (c) historical and future trends in the City's revenues which dictate its ability to pay its workforce, and, (d) expert legal assistance. In addition, HRD estimates that a total of approximately 51 days of arbitration will be required to conclude the MOUs with the 27 unions currently in negotiation. The estimated cost for these consultant services and arbitrators is \$237,200. Budget details of these contracts are provided below.

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BUDGET ANALYST

• According to the Human Resources Department, the current labor negotiations require computer programming and database development by the Controller's Information Services Division for use by HRD in costing various contract proposals, at a cost of \$40,000. In addition, the City Attorney's Office is proposing to hire temporary attorneys in order to backfill existing staff attorneys who are assigned to handle the increased workload represented by these labor negotiations, at a cost of \$150,000, for an overall cost under the category of services of other City departments, of \$190,000. Budget details of these expenditures are provided below.

In summary, the total proposed expenditures for the collective bargaining process, including \$58,300 for 4 new HRD temporary staff, \$237,200 for outside consultants, and \$190,000 for the services of other departments, is \$485,500.

Budget: The budget for this appropriation (File 101-95-65) is as follows:

Human Resources Department Staff (April 1, 1996 through June 30, 1996)

<u>Number of Positions and Class</u>	<u>FTE</u>	<u>FY 1995-96 Cost</u>	
(1) 1242L Personnel Analyst	.25	\$11,494	
(1) 1818L MIS Specialist II	.25	11,832	
(1) 1823L Senior Admin. Analyst	.25	13,886	
(1) 1203L Personnel Technician	.25	<u>9,387</u>	
		\$46,599	
Fringe Benefits		<u>11,700*</u>	
Sub-total			\$58,300

* The Budget Analyst notes that only Social Security costs (7.65 percent of salary) should be budgeted as fringe benefits for temporary positions. Therefore, this amount can be reduced by \$8,135, from \$11,700 to \$3,565.

Professional Services and Arbitration

<u>Type of Service and Firm Name</u>	<u>MBE/WBE Status</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
Legal Services George Riley	No	267	\$150	\$40,000

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Memo to Budget Committee
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Professional Services and Arbitration (continued)

<u>Type of Service and Firm Name</u>	<u>MBE/WBE Status</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
Salary Surveys & Research				
Harry D. Cisterman	No	200	\$75	\$15,000
David M. Griffith	No	67	75	5,000
Robert N. Garrett	No	320	125	40,000
Expert Testimony (to be determined)		358	125	44,750*
Economic Research (to be determined)		1,000	75	75,000*

Arbitration; 51 days at a daily rate of \$1,500

Arbitrators are appointed by the City and the union when arbitration is necessary. Expenses are shared equally between the City and the union; the daily rate of \$1,500 for the City (\$3,000 in total) is based on prior year actual expenditures.

76,500*

Sub-total	\$296,250
Less carry-forward from FY 1994-95 unspent funds	<u>(59,050)</u>
Sub-total	

\$237,200

- * The Budget Analyst recommends that these items be reserved pending a report from the Department of Human Resources on the actual number of days of arbitration which will be required.

Services of Other City Departments

<u>Controller's ISD</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
Programming/Service	800	\$50.00	\$40,000
Sub-total			

40,000

<u>City Attorney</u>	<u>Number of Hours</u>	<u>Hourly Rate</u>	<u>Amount</u>
8181 Assistant Chief Attny I	353	\$130.74	\$46,142
8184 Chief Attorney II	353	139.17	49,119
8178 Senior Attorney	271	108.15	29,362
8176 Trial Attorney	163	96.07	15,649
8174 Attorney	108	89.58	9,728
Sub-total			

150,000

TOTAL

\$485,500

Comments:

1. The Attachment, provided by the Department of Human Resources, provides a detailed breakdown, by union, by type of expense, including hours and hourly rates, of the cost (including the requested four new positions), of concluding the MOUs currently being negotiated.

2. The Human Resources Department conducted labor negotiations with approximately 39 unions in FY 1994-95, using existing Human Resources Department staff as listed above, and funds provided by a supplemental appropriation in the amount of \$636,638 (File 101-94-94) for outside legal counsel, expert research and testimony, MIS services, arbitration expenses, and the services of the City Attorney. However, the HRD did not request any additional staff positions for labor negotiations in FY 1994-95 as part of that supplemental appropriation. In addition, in its FY 1995-96 budget, the HRD did not request any additional staff for the Employee Relations Division (ERD). In fact, the Human Resources Department transferred one position (1370 Special Assistant XI) from its Employee Relations Division to the Office of the Director to conduct budget management, fiscal analysis, and special projects for HRD. In addition, Mr. Wendell Pryor, Director of Human Resources, advises that; (a) negotiations are starting later in FY 1995-96 than in FY 1994-95, (b) negotiations are being conducted with fewer unions (27 as opposed to 39) in FY 1995-96 than in FY 1994-95, and, (c) the HRD has been able to streamline its negotiating process in FY 1995-96 based on experience from FY 1994-95. The Budget Analyst therefore questions the need for additional staff for labor negotiations in FY 1995-96, and recommends that the Board of Supervisors not approve the subject request for addition of four new temporary positions.

3. Mr. Pryor states that these four new positions are requested in order to allow HRD to carry out contract cost estimating, computer programming, database analysis, compensation surveys and analysis, and notetaking, which were done using private contractors and City staff "borrowed" from other divisions of HRD in the FY 1994-95 collective bargaining process. Mr. Pryor advises that the cost to carry out these functions using HRD staff is lower than if these functions were carried out by private contractors. Mr. Pryor states that if the four proposed positions are not approved, the impact on HRD would be the following:

- The function of cost estimating for various contract proposals to be assigned to the new Senior Administrative Analyst position would be done by a Special Assistant XI now

BOARD OF SUPERVISORS
BUDGET ANALYST

assigned to budget and fiscal management. Development of the FY 1996-97 budget, conversion to the new FAMIS system, payroll and expenditure tracking, and a planned reorganization of the accounting function of HRD would be "setback" as a result.

- The analysis of salary surveys, and pay, step, and status analysis to be assigned to the new MIS Specialist II position would have to be performed by outside consultants, at a projected cost 57 percent higher than if these functions were performed by ERD staff.

- If the requested new Personnel Technician and Personnel Analyst positions are not approved, HRD would reassign staff who are currently assigned to develop and conduct 35 scheduled civil service examinations, develop the Citywide classification and compensation study, and proceed with essential functions related to filling job vacancies in other City departments.

4. The Budget Analyst notes that the Human Resources Department has existing employees which currently fulfill all of the functions proposed to be assigned to the new temporary employees. As noted above, existing HRD employees were utilized successfully by the Department both during the collective bargaining process in FY 1994-95, and also during FY 1995-96 collective bargaining process to date. In addition, the Budget Analyst notes that three position substitutions were made during the FY 1995-96 budget process in order to increase the MIS staff of the Department of Human Resources and to therefore provide the Department of Human Resources with staff whose functions include analysis of personnel and cost data similar to that which is proposed to be assigned to the new MIS Specialist II requested in this ordinance. The Budget Analyst believes that existing HRD personnel should be utilized to fulfill the Department's needs in the collective bargaining process for the remainder of FY 1995-96, and that proposals for new positions should be considered, together with other City priorities, during the FY 1996-97 budget process.

5. As noted above, the proposed amendment to the FY 1995-96 Annual Salary Ordinance would add 4 new temporary positions in the Department of Human Resources, at an estimated cost, for the period April 1, 1996 through June 30, 1996, of \$58,300. However, the increased annual cost to the City of these new positions, if continued in future fiscal years, based on FY 1995-96 salary levels, is as follows:

Memo to Budget Committee
April 10, 1996 Budget Committee Meeting

<u>Class</u>	<u>Bi-Weekly Salary At the Top Step</u>	<u>Annual Salary At the Top Step</u>
1242 Personnel Analyst	\$1,881	\$49,094
1818 MIS Specialist II	1,936	50,530
1823 Sr. Admin. Analyst	2,274	59,351
1203 Personnel Technician	1,535	<u>40,063</u>
Salaries Sub-total		\$199,038
Fringe Benefits at 19 percent of salary		<u>37,817</u>
Total		\$236,855

6. Ms. Rachel Robbins of the Human Resources Department (HRD) advises that the HRD and the City Attorney's Office selected the professional services consultants listed above on a sole source basis because these consultants had been used effectively in FY 1994-95, and/or have specific expertise which, in their judgement, is not available from other contractors. Therefore, no Request for Proposal process was used to select these consultants.

7. Mr. Jonathan Holtzman of the City Attorney's Office advises that the amount of \$40,000 for Robert N. Garrett, who provided a salary survey and other information for the craft workers unions negotiations, has already been expended. In addition, HRD notes that some funds have been expended for negotiations which are already concluded, such as that for the Registered Nurses MOU, as noted above. Therefore, the proposed ordinance should be amended to provide for ratification of action previously taken.

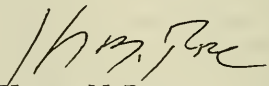
8. The Budget Analyst notes that the actual amount of funds which will be needed for expert witnesses testimony (\$44,750), economic research and testimony (\$75,000), and arbitration (\$76,500), are dependent upon the number of MOUs which are not concluded through bargaining, and subsequently go to arbitration. Therefore, the Budget Analyst recommends that funds for these items, totaling \$196,250, be reserved, pending a report from the Human Resources Department on the actual need for these funds.

9. As noted above, the proposed appropriation includes an amount of \$40,000 for the services of the Controller's Information Services Division to generate data from the City's budget and payroll systems for use by HRD in costing various contract proposals. The Department of Human Resources' Employee Relations Division did not include funds for services of the Controller's ISD in its FY 1995-96 budget.

BOARD OF SUPERVISORS
BUDGET ANALYST

10. As noted above, the proposed appropriation includes an amount of \$150,000 for the services of the City Attorney to assist in the collective bargaining negotiations. The Department of Human Resources' Employee Relations Division did not include funds for services of the City Attorney in its FY 1995-96 budget.

- Recommendations:**
1. **Item - File 101-95-65** Amend the proposed ordinance to reduce the appropriation for temporary salaries by \$46,600, from \$46,600 to zero, and to reduce the amount for fringe benefits by \$11,700, from \$11,700 to zero, for an overall reduction in the appropriation of \$58,300, from \$485,500 to \$427,200.
 2. **Item 8 - File 101-95-65** Amend the proposed ordinance to provide for ratification of actions previously taken, in accordance with Comment No. 7.
 3. **Item 8 - File 101-95-65** Reserve \$196,250, in accordance with Comment No. 8, for consultant services and arbitration costs pending a report by the Department of Human Resources on the number of days of arbitration required for MOUs concluded in FY 1995-96.
 4. **Item 8 - File 101-95-65** Approve the proposed ordinance as amended.
 5. **Item 9 - File 102-95-16** Disapprove the proposed ordinance providing for the addition of four new temporary positions for the Department of Human Resources in the FY 1995-96 Annual Salary Ordinance.


Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer

Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

Temporary salaries	\$46,599
Mandatory Fringes	\$11,700

NON-PERSONNEL:

Bargaining Unit	Economic Consult Research Hours	Projected Cost* \$100/hour	Hrs. of Expert Testimony	Projected Cost* \$125/hour	Legal Hours	Projected Cost* \$150/hour	Days In Arbitration	Projected Cost** \$1,500/day	TOTAL COST
Professional Services									
Police Management	-	\$0	10.00	\$1,250	-	\$0	3.00	\$4,500	\$5,750
Fire Management	-	\$0	10.00	\$1,250	-	\$0	3.00	\$4,500	\$5,750
Airport Police Mgmt	-	\$0	10.00	\$1,250	-	\$0	3.00	\$4,500	\$5,750
RNs	-	\$0	-	\$0	-	\$0	-	\$0	\$0
Supervisory RNs	-	\$0	20.00	\$2,500	-	\$0	-	\$0	\$2,500
Crafts Coalition***	-	\$0	200.00	\$25,000	-	\$0	30.00	\$45,000	\$70,000
Local 21	-	\$0	60.00	\$7,500	-	\$0	8.00	\$12,000	\$19,500
Building Inspectors	-	\$0	24.00	\$3,000	-	\$0	2.00	\$3,000	\$6,000
District Attorney	-	\$0	4.00	\$500	-	\$0	2.00	\$3,000	\$3,500
TWU 250 A	-	\$0	20.00	\$2,500	-	\$0	-	-	\$2,500
Unrepresented	-	\$0	-	-	-	-	-	-	\$0
General									
Legal	-	-	-	-	-	\$40,000	-	-	\$121,250
Surveys	\$20,000	-	-	-	-	-	-	-	\$40,000
Research	\$115,000	-	-	-	-	-	-	-	\$20,000
Subtotal - Professional Services									\$115,000
Less carryforward from FY 1994/95 funds									\$296,250
									(\$59,050)
Services of Other Departments									
Controller ISD - Programming/Service Needs - 800 hours @ \$50 per hour									\$40,000
City Attorney - Legal Services									\$150,000
TOTAL NON-PERSONNEL COSTS									\$427,201

* Projected Cost is based upon an average of the actual costs incurred during the 1994 - 95 negotiations.
 ** Per day costs of prior year's negotiations averaged at \$1,500.00, (including transcription costs) and is the per-day cost used here.
 *** 17 Crafts Unions

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REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, APRIL 24, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

PRESENT: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

ACTING CLERK: GAIL JOHNSON

HEARINGS

1. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

(Consideration Continued from 4/10/96)

ACTION: Hearing held. Consideration continued to May 1, 1996, meeting.

2. File 100-96-3. [Budget Status and Projections, State Budget Impact] Hearing to consider the status of San Francisco's budget; the budget projections for 1996-97; three year budget projections and impact of State's budget on San Francisco. (Supervisor Hsieh)

(Consideration Continued from 4/10/96)

ACTION: Hearing held. Consideration continued to May 1, 1996, meeting.

REGULAR CALENDAR

3. File 101-95-71. [Appropriation, Department of Public Works] Ordinance appropriating \$63,590,000, Department of Public Works, of 1996A City Hall Improvement Bond Fund proceeds for design and construction of non-seismic improvements at City Hall, for bond issuance costs for the offices of the Chief Administrative Officer, Controller and the City Attorney and for repayment of the General Fund advance for fiscal year 1995-96. (Controller) RO #95182

(Consideration Continued from 4/10/96)

ACTION: Hearing held. Question divided relating to design and construction of non-seismic improvements at City Hall. (See File 101-95-71.1.) Consideration of remainder (File 101-95-71) continued to the Call of the Chair. New title: "Appropriating \$57,902,290, Department of Public Works, of 1996A City Hall Improvement Bond Fund proceeds for design and construction of non-seismic improvements at City Hall, for fiscal year 1995-96."

File 101-95-71.1. Hearing held. Divided from File 101-95-71. Entitled: "Ordinance appropriating \$5,687,710, Department of Public Works, of 1996A City Hall Improvement Bond Fund proceeds for design and construction of non-seismic improvements at City Hall, for bond issuance costs for the offices of the Chief Administrative Officer, Controller and the City Attorney and for repayment of the General Fund advance for fiscal year 1995-96." Recommended.

4. File 28-96-4. [Sewer Emergency] Resolution authorizing the Director of the Department of Public works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Francisco Street between Larkin Street and mid-block Polk Street, Lansing Street between First Street and Guy Place, Twenty-Third Avenue between Clement Street and Geary Boulevard and Bannam Place between Green Street and Union Street. (Department of Public Works)

ACTION: Hearing held. Recommended.

5. File 127-96-2. [New Jobs Tax Credit Extension] Ordinance amending Part III, Municipal Code by amending Section 906B, extending the expiration date of the New Jobs Tax Credit to December 31, 2002. (Supervisors Kaufman, Leal)

ACTION: Hearing held. Recommended. (Supervisors Hsieh and Bierman added as co-sponsors.)

6. File 101-95-72. [Appropriation, Public Utilities Commission-Hetch Hetchy] Ordinance appropriating and rescinding \$112,124, Public Utilities Commission-Hetch Hetchy, of Hetch Hetchy Operating Funds, to create and delete six (6) positions for fiscal year 1995-96. (Controller) RO #95187 (COMPANION TO THE FOLLOWING FILE)

ACTION: Hearing held. Amended on page 1, lines 1 and 14, by replacing "\$112,124," with "\$77,002." Amended on page 1, line 11, by replacing "\$96,608," with "\$66,761." Further amended on page 1, line 13, by replacing "\$15,516," with "\$10,241." Recommended as amended. New title: "Appropriating and rescinding \$77,002, Public Utilities Commission-Hetch Hetchy, of Hetch Hetchy Operating Funds, to create and delete six (6) positions for fiscal year 1995-96."

7. File 102-95-18. [Salary Ordinance Amendment, Public Utilities Commission-Hetch Hetchy] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96) Public Utilities, Hetch Hetchy project, reflecting the creation of six (6) positions (Classifications 5630 Water and Power Analyst I (1); 5631 Water and Power Analyst II (1); 5633 Water and Power Specialist (3); 5634 Water and Power Manager (1); and the deletion of six (6) positions (Classifications AA73 Water and Power Manager (1); AA74 Water and Power Specialist (3); AA75 Water and Power Analyst II (1); AA76 Water and Power Analyst I (1). (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

ACTION: Hearing held. Recommended.

8. File 101-95-73. [Appropriation, Chief Administrative Officer] Ordinance appropriating \$275,500, Chief Administrative Officer, of Redevelopment Agency revenue for salaries, professional services, and services of other departments to allow the CAO's office to assist the Redevelopment Agency with urban design guidelines for the Mid-Embarcadero Roadway replacement and open space projects for fiscal year 1995-96. (Controller) RO #95186

ACTION: Hearing held. Recommended.

9. File 101-95-074. [Appropriation, 911 CAD Interim System] Ordinance appropriating \$5,337,594, Police Department, for purchase and installation of an interim Computer Aided Dispatch (CAD/911) System including professional services, services of other departments and overtime; funded from the General Fund Reserve (established from the 1994-95 one time accounting adjustment). (Supervisor Shelley)

ACTION: Hearing held. Amendment of the Whole adopted. Recommended as amended. New title: "Appropriating \$5,337,594, Police Department, for purchase and installation of an interim Computer Aided Dispatch (CAD/911) System including professional services, services of other departments and overtime; funded from the General Fund Reserve (established from the 1994-95 one time accounting adjustment); providing for ratification of action previously taken."

10. File 97-96-16. [Ar; Enrichment] Ordinance amending Administrative Code by amending Section 3.13 to require two (2) percent of estimated construction costs for art enrichment of public structures, parks and transportation improvement projects; restricting the application of the Art Enrichment Ordinance to total construction costs rather than total project costs; providing for maintenance and conservation funds; allowing for aggregation of art enrichment funds; and increasing Art Commission administrative fees. (Supervisor Kaufman)

ACTION: Consideration continued to May 8, 1996, meeting (at the request of sponsor).

11. File 101-95-48.1. [Reserved Funds, Art Commission] Consideration of release of reserved funds, Art Commission (reserve for Cultural Centers), in the amount of \$24,825 for emergency roof repair of the Bayview Opera House. (Art Commission)

ACTION: Hearing held. Consideration continued to May 8, 1996, meeting.

12. File 100-95-1.5. [Reserved Funds, DPW-Bureau of Engineering] Consideration of release of reserved funds, Department of Public Works, Bureau of Engineering (1995/96 Budget), in the amount of \$57,000 to fund a contract with Technical Drafting (CADD) Standards for the Bureau. (Department of Public Works)

ACTION: Hearing held. Release of \$57,000 approved. Filed.

13. File 101-92-3.4. [Reserved Funds, Department of Public Works] Consideration of release of reserved funds, Department of Public Works (1989 Earthquake Safety Bond Program) in the amount of \$1,669,000 for the purpose of funding the construction contract at various Fire Department facilities including Pump Station No. 1. (Department of Public Works) (COMPANION TO FILE 101-92-72.5, FILE 101-94-22.1 AND FILE 101-94-40.2)

ACTION: Hearing held. Release of \$1,669,000 approved. Filed.

14. File 101-92-72.5. [Release of Funds, Department of Public Works] Consideration of release of reserved funds, Department of Public Works (1989 Earthquake Safety Bond Program), in the amount of \$3,620,848, for the purpose of funding the construction contracts for Fire Stations, Ashbury Tank Facility and Fire Department's Headquarters building. (Department of Public Works) (COMPANION TO FILE 101-92-3.4, FILE 101-94-22.1 AND FILE 101-94-40.2)

ACTION: Hearing held. Release of \$3,620,848 approved. Filed.

15. File 101-94-22.1. [Reserved Funds, Fire Department] Consideration of release of reserved funds, Department of Public Works (1989 Earthquake Safety Bond Program), in the amount of \$1,507,000 for the purpose of funding Fire Station No. 1 construction contract. (Department of Public Works) (COMPANION TO FILE 101-92-72.5, 101-92-3.4 AND FILE 101-94-40.2)

ACTION: Hearing held. Release of \$1,507,000 approved. Filed.

16. File 101-94-40.2. [Reserved Funds, Fire Department] Consideration of release of reserved funds, Fire Department, (1992 Proposition C, Fire Department Improvement Bond Program) in the amount of \$2,270,000 for the purpose of funding Pump Station No. 1 and Fire Department Headquarters construction contract. (Department of Public Works) (COMPANION TO FILE 101-92-72.5, 101-92-3.4 AND FILE 101-94-22.1)

ACTION: Hearing held. Release of \$2,270,000 approved. Filed.

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OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 19, 1996

TO: Budget Committee

FROM: Budget Analyst *Recommendations for meeting of*

SUBJECT: April 24, 1996 Budget Committee Meeting

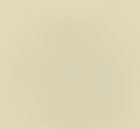
Items 1 and 2 - Files 100-95-12 and 100-96-3

Note: These items were continued by the Budget Committee at its meeting of April 10, 1996.

These items are hearings concerning (a) the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years and (b) the City's three-year budget projections and the impact of the State's budget on San Francisco.

The Controller and the Budget Analyst will orally advise the Committee on any updated information pertaining to these items.

1875



THE
OFFICE OF THE
SECRETARY OF THE
TREASURY
WASHINGTON, D. C.

January 1, 1875

TO THE
HONORABLE
MEMBERS OF THE
HOUSE OF REPRESENTATIVES

IN SENATE

AND
IN HOUSE OF REPRESENTATIVES
OF THE
UNITED STATES
OF AMERICA

Item 3 - File 101-95-71

Note: This item was continued by the Budget Committee at its meeting of 4/10/96.

Department: Department of Public Works (DPW)

Item: Supplemental appropriation ordinance appropriating \$63,590,000 for design and construction of non-seismic improvements at City Hall, for bond issuance costs for the Offices of the Chief Administrative Officer, Controller and the City Attorney and for repayment of the General Fund advance for Fiscal Year 1995-96.

Amount: \$63,590,000

Source of Funds: 1995 City Hall Improvement Bond Funds

Description: In November 1995, San Francisco voters approved a \$63.59 million bond issuance to support non-seismic improvements to City Hall (Proposition A). These improvements include increased disability access, telephone and data wiring, electrical service, hazardous material abatement, repair and refurbishment of the copper dome, exterior railings and various other expenditures, as detailed below. The proposed supplemental appropriation ordinance would appropriate the 1995 City Hall Improvement Bond funds for the project.

Construction

\$46,253,453

Construction costs include all of the construction contractor costs for the City Hall Non-Seismic Improvement Project. As of the writing of this report, only three of the contractors have been selected. (See Comment 3.) The successful low bidder(s) would work as subcontractors to the general contractor for the Seismic Retrofit project, Huber Hunt & Nichols. The DPW advises that this arrangement would increase accountability by assuring a single source of responsibility for all City Hall work, and would also avoid complications and added costs that might arise from having two or more competing general contractors at the same job site simultaneously. Construction for the City Hall Non-Seismic Improvement Project is anticipated to be completed by December 31, 1998 (see Attachment 1). The proposed \$46,253,453 in Construction costs would support the following:

Demolition	\$813,000
Asbestos	520,000
Elevators	997,000
Infrastructure	7,844,453
Telecommunications	3,166,000

Tenant Improvements	24,545,000
Windows	998,000
Roofing and Skylights	2,965,000
Dome Cleaning and Restoration	966,000
Ornamental Metals	2,266,000
Exterior/Interior Stone Cleaning	798,000
Signange	<u>375,000</u>
Total for Construction	\$46,253,453

Programming and Planning **\$368,895**

The Programming and Planning phase includes meeting with the tenant departments and planning for space allocation, use and function. Costs for Programming and Planning is as follows:

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House Costs</u>				
<u>DPW</u>				
Senior Architect	139	\$89	\$12,353	
Architect	139	77	10,688	
Architect Associate II	208	66	13,741	
Architect Associate I	278	57	15,823	
Architect Assistant I	139	48	6,662	
Engineering Assistant I	118	50	5,899	
Inspector	<u>69</u>	72	<u>4,997</u>	
Subtotal DPW	1,090			\$70,163
<u>Chief Administrative Officer's Office</u>				
Special Assistant XII	174	40		6,940
<u>Department of Real Estate</u>				
Principal Property Manager	<u>208</u>	96	19,987	<u>19,987</u>
Subtotal In-House Costs	1,472			\$97,090
<u>Consultants</u>				
<u>Turner</u>				
Mechanical/Electric Consultant	347	80	\$27,760	
Estimator	<u>347</u>	80	<u>27,760</u>	
Subtotal Turner	694			55,520

	No. of Hours	Hourly Rate	Amount	Total
<u>Heller-Manus Group</u>				
Principal	\$347	120	\$41,640	
Senior Architect	521	105	54,653	
Architect	867	90	78,075	
Assistant	<u>645</u>	65	<u>41,917</u>	
Subtotal Heller-Manus Group	<u>2,380</u>			216,285
Subtotal Consultant Costs	3,074			<u>\$271,805</u>
Total for Programming and Planning				\$368,895

Design and Bid Services **\$4,487,626**

Design and Bid Services includes producing all design and construction drawings and specifications. The documents will be advertised and bids received by the DPW Contracts Administration Division. Design and Bid Services, at a total cost of \$4,487,626, represent 9.7 percent of the total estimated construction costs of \$46,253,453 for the project. Budget details for the \$4.5 million Design and Bid Services are as follows:

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House</u>				
<u>DPW</u>				
Senior Architect	278	\$89	\$24,724	
Architect	556	77	42,781	
Architect Associates II	1,389	66	91,674	
Architect Associates I	1,111	57	63,338	
Architect Assistant I	1,389	48	66,672	
Engineering Assistant I	556	50	27,780	
Inspector	<u>833</u>	72	<u>60,005</u>	
Subtotal In-House	6,112			\$376,974
<u>Consultants</u>				
<u>Turner</u>				
Mechanic/Electric Consultant	1,389	\$80	111,120	
Estimator	<u>1,389</u>	80	<u>111,120</u>	
Subtotal Turner	2,778			222,240
<u>Carey & Co.</u>				
Principal	278	110	30,558	
Project Manager	695	85	59,033	
Conservator	<u>863</u>	70	<u>60,409</u>	
Subtotal Carey & Company	1,836			150,000

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
April 24, 1996

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>Joseph Chow & Associates</u>				
Principal	139	135	18,752	
Senior Associate	226	105	23,745	
Architect	<u>417</u>	90	<u>37,503</u>	
Subtotal Page Turnbull	782			80,000
<u>Heller-Manus Group</u>				
Principal	1,667	120	200,016	
Senior Architect	9,167	105	962,577	
Architect	17,501	90	1,575,126	
Assistant	<u>14,165</u>	65	<u>920,693</u>	
Subtotal Heller-Manus	42,500			<u>3,658,412</u>
Subtotal Consultants	47,896			<u>\$4,110,652</u>
Total Design and Bid Services				\$4,487,626

Client Department Services **\$230,617**

Client Department Services includes funding for the offices of the City Attorney, Controller, Controllers ISD, Department of Telecommunications, Real Estate, CAO and the Purchaser to review advise and consent on the design, construction and reoccupation of the building. Specific budget details for Client Department Services are as follows:

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>In-House</u>				
<u>CAO</u>				
Special Assistant XII	1,614	\$42	\$67,801	\$67,801
<u>Real Estate</u>				
Principal Property Mgr.	1,596	102	162,816	<u>162,816</u>
Total Client Department Services				\$230,617

BOARD OF SUPERVISORS
BUDGET ANALYST

DPW Project Management

\$963,269

DPW Project Management includes funding for 3.2 FTEs to solicit proposals, manage 16 contracts, coordinate all design information, reviews, approvals and permits, and integrate all work into the concurrent seismic project. Specific budget details for DPW Project Management are as follows:

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>DPW</u>				
Project Manager II	1,345	\$81	\$108,965	
Project Manager I	1,076	70	75,334	
Senior Architect	4,036	89	359,182	
Inspector	4,036	72	290,574	
Executive Secretary I	<u>2,749</u>	47	<u>129,214</u>	
Total Project Management				\$963,269

**Permits, Approvals, Testing and
Inspection**

\$1,844,939

Permits, Approvals, Testing and Inspection includes obtaining building permits and local and state preservation review and approval and performing construction inspection and testing of all construction components to assure code compliance and quality assurance. See Attachment 2 provided by DPW for specific permits and permit amounts.

Construction Services

\$2,767,408

Construction Services includes funding for the construction management team of 14.8 in-house FTEs and 4.4 consultant FTEs listed below to monitor all estimates and schedules, analyze costs, interpret the conditions and requirements of the contract and ensure compliance with the contract documents. Budget details for Construction Services are as follows:

Memo to Budget Committee
April 24, 1996

	No. of <u>Hours</u>	Hourly <u>Rate</u>	<u>Amount</u>	<u>Total</u>
<u>In-House</u>				
<u>DPW</u>				
Senior Architecture	3,819	\$89	\$339,891	
Architect	3,055	77	235,250	
Architect Assoc. II	6,110	66	403,286	
Architect Assoc. I	3,055	57	174,146	
Architect Asst. I	3,819	48	183,312	
Engineering Asst. I	3,819	50	190,950	
Inspector	<u>3,819</u>	72	<u>274,968</u>	
Subtotal DPW	27,496			\$1,801,803
<u>CAO</u>				
Special Asst. XII	1,909	40	76,380	76,380
<u>Real Estate</u>				
Principal Property Manger	<u>1,528</u>	96	146,650	<u>146,650</u>
Subtotal In-House	30,933			\$2,024,833
<u>Consultants</u>				
<u>Turner</u>				
Mechanical/Electric Consultant	3,819	80	305,520	
Estimator	<u>3,819</u>	80	<u>305,520</u>	
Subtotal Turner	7,638			611,040
<u>Carey & Co.</u>				
Principal	382	110	42,009	
Project Manager	649	85	55,185	
Conservator	<u>491</u>	70	<u>34,341</u>	
Subtotal Carey & Co.	<u>1,522</u>			<u>131,535</u>
Subtotal Consultants	9,160			<u>\$742,575</u>
Total Construction Services				\$2,767,408

Contract Administration **\$922,469**

Contract Administration, at approximately two percent of the total \$46,253,453 Construction costs, includes maintaining a proactive presence on the job site by the architectural and engineering team and working with the contractor on-site to resolve issues arising from unforeseen or changed conditions quickly.

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House</u>				
<u>DPW</u>				
Senior Arch.	955	\$89	\$84,973	
Inspector	<u>1,146</u>	72	<u>82,490</u>	
Subtotal DPW	2,101			\$167,463
<u>Consultants</u>				
<u>Heller-Manus Group</u>				
Principal	766	120	91,656	
Senior Architect	2,482	105	260,647	
Architect	3,819	90	343,710	
Assistant	<u>908</u>	65	<u>58,993</u>	
Subtotal Heller-Manus Group	7,975			755,006
Total Contract Administration				\$922,469

Post-Construction Services **\$922,469**

Post Construction Services, at approximately two percent of the total \$46,253,453 Construction costs, includes funding for alterations and adjustments due to departments changing size and/or function during the construction period. Funds are also included to support follow-up construction services of the building mechanical and utility systems after occupancy. Budget details for Post Construction Services are as follows:

	No. of Hours	Hourly Rate	Amount	Total
<u>In-House</u>				
<u>DPW</u>				
Project Manager II	693	\$81	\$56,149	
Project Manager I	347	70	24,262	
Senior Arch.	1,386	89	123,390	
Architect	1,733	77	133,441	
Inspector	1,733	72	124,776	
Executive Secretary I	<u>260</u>	47	<u>12,217</u>	
Subtotal In-House	6,152			\$474,235
<u>Consultants</u>				
<u>Heller-Manus Group</u>				
Principal	347	120	41,592	
Senior Architect	1,733	105	181,965	
Architect	2080	90	187,164	
Assistant	<u>577</u>	65	<u>37,513</u>	
Subtotal Heller-Manus Group	4,737			448,234
Total Post-Construction Services				\$922,469

Lease Extension **\$3,000,000**

Funds are required to extend current leases on temporary offices for departments previously occupying City Hall. Attachment 3, provided by the Real Estate Department, contains complete detailed information on the \$3 million request, including the amount allocated to each landlord. As noted on this attachment, the amount of such rent is \$2,996,994, or \$3,006 less than the amount included in this supplemental appropriation request.

Bond Issuance Costs **\$300,000**

Funds are required to support the bond issuance costs related to the sale of the City Hall Improvement Bonds, as follows:

City Attorney	\$90,000
Controller	35,000
CAO	<u>175,000</u>
Total Bond Issuance Costs	\$300,000

Pre-Bond Expenditures **\$1,528,855**
(See Comment 4)

GRAND TOTAL **\$63,590,000**

Budget Summary Table

<u>Cost Component</u>	<u>Total Amount</u>
Construction	\$ 46,253,453
Design and Bid Services	4,487,626
Programming and Planning	368,895
Client Services	230,617
DPW Project Management	963,269
Permits, Approvals, Testing and Inspection	1,844,939
Construction Services	2,767,408
Contract Administration	922,469
Post Construction Services	<u>922,469</u>
Subtotal	\$58,761,145
Lease Extensions	3,000,000
Bond Issuance Costs	300,000
Amount required to reimburse General Fund (See Comment No. 4)	<u>1,528,855</u>
TOTAL	\$63,590,000

Comments:

1. The City Hall Seismic Retrofit, a \$181 million component of the \$332.4 million Earthquake Safety Program - Phase 2, is entirely separate from this proposed supplemental appropriation ordinance. The projects proposed under this supplemental appropriation, as defined by Proposition A, approved by the electorate in November of 1995, were not included in the scope of the seismic project. However, much of the proposed improvement work, such as disabled access and hazardous material abatement, will be an extension of the work being completed as part of the City Hall Seismic Retrofit, according to the DPW.

2. Under this request, the DPW would use four consulting contractors. The hours and hourly rates for these consultants are specified in the budget, above. Each of the consultants was selected through an RFQ process, as follows:

- Heller-Manus, Finger & Moy, Komorous-Towey, a Joint Venture is not an MBE/WBE firm. Finger & Moy is a WBE, and Komorous-Towey is an MBE firm. The DPW received qualifications from nine bidders for this contract;

- Turner Construction is not an MBE or a WBE firm. The DPW received qualifications from seven bidders for this contract;

BOARD OF SUPERVISORS
BUDGET ANALYST

- Carey & Company is a WBE firm. The DPW received qualifications from four firms for this contract; and
- Joseph Chow and Associates is an MBE firm. The DPW received qualifications from 15 firms for this contract.

3. The DPW will be issuing Invitations for Bids (IFBs) for construction contractors, which have a total amount of \$46,253,453, for this non-seismic improvement project at City Hall. As noted above, the successful low bidder(s) would work as subcontractors to the general contractor for the Seismic Retrofit project, Huber Hunt & Nichols.

As of the writing of this report, the DPW has only selected three contractors: Otis Elevators, at \$997,000, for elevator-related work; Aman Environmental, at \$813,000, for demolition; and CST, at \$520,000, for asbestos work. Mr. Irons advises that these contractors are already performing work as subcontractors to Huber Hunt & Nichols. The DPW plans to amend the Huber Hunt & Nichols contract to expand the roles of these three existing subcontractors because of warranties for the elevator work, and the difficulties that are associated with performing asbestos and demolition work by more than one subcontractor at the same site. The amounts included in the above budget for these contractors, at (a) \$997,000 for Otis Elevators, (b) \$813,000 for Aman Environmental, and (c) \$520,000 for CST, were established based on negotiations between the DPW and the general contractors of Huber Hunt & Nichols, according to Mr. Irons.

The remaining estimated amount of construction contract costs, at \$43,923,453 (\$46,253,453 less \$997,000 less \$813,000 less \$520,000), should be reserved pending selection of contractors and information regarding the hours, hourly rates, and MBE/WBE status of the contractors.

4. The Budget Summary Table, above, indicates \$1,528,855 for reimbursement to the General Fund. In December, 1995, the Board of Supervisors approved an ordinance appropriating \$1,528,855 for the City Hall Non-Seismic Improvement Project for FY 1995-96, pending the bond sale. After the bond sale, the funds were to be reimbursed to the General Fund. The \$1,528,855 in costs incurred and previously supported by the General Fund, which would be reimbursed by funding from the proposed supplemental appropriation, are as follows:

<u>Item</u>	<u>Pre-Bond Costs Incurred</u>
Construction	\$199,625
Design and Bid Services	585,956
Programming and Planning	553,574
DPW Project Management	<u>189,700</u>
TOTAL	\$1,528,855

5. Attachment 4 is a memorandum which the Budget Analyst requested from Mr. Tony Irons of DPW. The memorandum includes the following information:

- 1) The original plan specifying a list of which City departments were originally housed at City Hall together with the number of square feet occupied by each department as compared to those same City departments which were scheduled to return to City Hall together with the number of square feet to be occupied.
- 2) A list of the City departments to occupy City Hall under the Mayor's new plan together with the square feet of each department's planned space.
- 3) The annual additional rental costs which would result by deviating from the original plan. According to Mr. Irons, the CAO and the Real Estate Department conservatively estimate that approximately \$2,766, 000 in on-going annual costs plus approximately \$2,494,000 in one-time costs would be incurred as a result of deviating from the original plan. Additionally, Mr. Irons estimates that approximately \$40 million would be needed to renovate a State-owned building located at 525 Golden Gate, which could potentially be used to house the City departments which would not be returning to City Hall. Mr. Irons advises that as of the writing of this report, no other specific facilities had been identified as potential sites for the relocation of the City departments which would not be returned to City Hall.

6. It should be noted, that the Budget Analyst also requested that Mr. Irons provide information regarding (1) the list of City departments which had not been housed at City Hall but which were to occupy the 3rd and 4th floors of the space formerly occupied by the Municipal and Superior Courts in City Hall and (2) the amount of rent which was estimated to be saved annually by having the additional City departments

BOARD OF SUPERVISORS
BUDGET ANALYST

occupy the space in City Hall formerly occupied by the Municipal and Superior Courts. Mr. Irons advises in his memorandum that the original plan for City Hall specified the amount of square footage that would be available based on the Trial Courts vacating the space at City Hall, but did not specify which specific City departments would re-occupy this vacated space.

- Recommendations:**
1. Reduce the amount of the supplemental appropriation by \$3,006, from \$63,590,000 to \$63,586,994, to reflect the amount needed for the lease extensions, as reported by the Real Estate Department.
 2. Amend the proposed supplemental appropriation request to reserve \$43,923,453 pending selection of construction contractors and information regarding their MBE/WBE status.
 3. Approval of the proposed ordinance, as amended, is a policy decision for the Board of Supervisors.

BID PACKAGE SCHEDULES		END OF LERMC PROJECT												COST												
City Hall - 2/9/96																										
NO.	ITEM	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
1	Demolition / Asbestos	J	F	M	A	M	J	J	A	S	O	N	D													\$597,000
2	Elevators																									\$1,333,000
3	MEPF Infrastructure																									\$7,714,000
4	Telecommunications																									\$3,166,000
5-10	Tenant Improvements Main Floor																									\$4,079,000
	Second Floor																									\$3,464,000
	Third Floor																									\$5,674,000
	Fourth Floor																									\$5,995,000
	Ground Floor																									\$5,333,000
11	Windows																									\$998,000
12	Roofing & Skylights																									\$2,965,000
13	Dome Cleaning & Restoration																									\$966,000
14	Ornamental Metals																									\$2,266,000
15	Exterior/Interior Stone Cleaning																									\$798,000
16	Signage																									\$375,000
	Systems Start-up																									
	Move-In / G-1-2																									
	Move-In / 3-4																									
																										\$46,123,000

LEGEND

Programming

Survey

Design

Bid & Award

Procurement & Submittals

Construction

15

APR 3, 1996 2:22PM H173 P.02

TO:

FROM: OMNIFAX

CITY HALL RELOCATION - ESTIMATED COST TO EXTEND LEASES

Rev. SL-6/7/95	Area SF.	Annual Rate	6 MONTHS	1 YEAR
633 FOLSOM STREET (1), (5), (6)				
Registrar	15,468 \$	15.00	\$ 116,010	\$ 232,020
Purchaser	6,705 \$	15.00	\$ 50,288	\$ 100,575
Sheriff(Admin.)	6,336 \$	15.00	\$ 47,520	\$ 95,040
875 STEVENSON STREET (2)				
All Dept.	121,570 \$	14.88	\$ 904,481	\$ 1,808,962
401 VAN NESS AVENUE (3)				
All Dept.	59,961 \$	7.00	\$ 209,864	\$ 419,727
1390 MARKET STREET (4)				
City Attorney (Portion)	15,820 \$	15.50	\$ 122,605	\$ 245,210
44 GOUGH STREET (5)				
Human Resources	7,955 \$	12.00	\$ 47,730	\$ 95,460
			\$ 1,498,497	\$ 2,996,994

Notes:

- 1) Two six month options for full floors at the same rent, 90 and 60 day notice required.
- 2) Two six month options for full floors at the same rent, 60 day notice required.
- 3) Two six month options at actual operating expense.
- 4) Two six month options at same rent plus increase in operating cost.
- 5) Two two year options at 95% of the then fair market value.
- 6) Courts area of 141,747 not included. If included, six month additional cost is \$1,063,102, or \$2,126,205 per year.
- 7) The above estimate does not include operation costs included in the General Fund Budget.
- 8) 633 Folsom Street cost does not include reconfiguration due to partial floor occupancy.

reloex2.xl

• SAN FRANCISCO CITY HALL •
SEISMIC RETROFIT AND EARTHQUAKE DAMAGE REPAIR JOB 2288U

City & County of San Francisco ☐ Dept. of Public Works ☐ Bureau of Construction Management
Construction Management Consultant: Turner Construction Company ☐ Job 5209C8

April 16, 1996

Subject: City Hall Reoccupation

Mr. Harvey Rose
Budget Analyst for Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Attention: Sandy Brown - Richardson

Dear Mr. Rose:

Please find attached two documents which address the issues raised in your request for additional information on the plans for reoccupying City Hall.

The first attachment to this letter is a square footage table showing the departments which were previously located in City Hall (Column B), those proposed to return under the original Proposition "A" concept (Column C), and those scheduled to return under the Mayor's present plan (Column E). Column D identifies the number of excess square feet available for assignment to other departments by virtue of the Municipal and Superior Courts vacating spaces on the 3rd and 4th floors. Please note that that available space, 65,800 sq. ft., is smaller than the total amount occupied by the Superior and Municipal Courts (84,700), ISD and the Testing Lab functions permanently relocated from the building (18,300 sq. ft.). This is due to required expansion of spaces to accommodate ADA and the addition of certain functions not previously located in the building such as Childcare and the Commission on the Environment.

The multiplier of \$15 sq. ft. per year was used to approximate the lease savings expected under the original Proposition "A" plan. This savings was estimated at approximately \$1 million per year. This lease cost is very close to the actual rentals being paid now.

During Proposition "A" development we did not identify which departments would occupy those spaces vacated by the courts, only the amount of square foot available. Consolidation of city departments was a concern and therefore, the Human Resources Department and the City Attorney functions were considered viable candidates for this space.

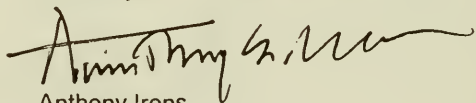
Mr. Harvey Rose
April 16, 1996
Page 2

A second document attached identifies the one-time and on-going cost associated with the Mayor's plans for reoccupation for the building. Please be advised that these estimates are both preliminary and conservative. While we have looked at certain possible locations for the renovation or new construction to accommodate the previous City Hall departments not returning to the building, there have been no decisions made regarding this action. The plan at present is to leave all departments located at 875 Stevenson and 44 Gough Streets in their present locations, to relocate the Registrar of Voters, Purchaser, and Sheriff Departments from 633 Folsom to a building at or near 875 Stevenson and to begin looking to the future to construct a new city office building in the Civic Center area.

One possibility for future development would be 525 Golden Gate, presently owned by the State of California. A preliminary study shows that the cost of renovation for this building would be in the range of \$40 million due to seismic and asbestos considerations. The Real Estate Department with the CAO is pursuing this and other options for a timely relocation of city government functions to the Civic Center area.

I hope this information answers your questions. Please do not hesitate to call me at 863-0273.

Sincerely,



Anthony Irons
Project Manager

TI:yc

Attachments: City Hall Square Footage's
Lease Costs

cc: Steve Nelson, CAO
Anthony DeLucchi, Real Estate Dept.

c:\chd1\1996\banay\st

CITY HALL SQUARE FOOTAGES					
DEPARTMENT	Org. SF in CH	Prop "A" Org. Plan	Excess SF Available	Mayor's Plan	NOTES ON MAYOR'S PLAN
A	B	C	D	E	F
SUPERIOR & MUNI COURTS	84,700	0		0	TO NEW COUTHUSE
MAYOR'S FUNCTIONS	12,400	13,500		17,000	RETURN TO CITY HALL
Youth Forum	0	0		1,300	AT 25 VAN NESS - MOVE TO CITY HALL
Office of Community Developm't	0	0		8,000	AT 25 VAN NESS - MOVE TO CITY HALL
Children, Youth & Families	0	0		5,000	AT FOX PLAZA - MOVE TO CITY HALL
Commerce & Trade	0	0		3,500	AT FERRY BUILDING - MOVE TO CITY HALL
Office of Housing	0	0		8,000	AT 25 VAN NESS - MOVE TO CITY HALL
Homeless Coordinator	0	0		500	AT 25 VAN NESS - MOVE TO CITY HALL
BOARD OF SUPERVISORS	13,600	17,000		28,000	RETURN TO CITY HALL
CAO	6,500	7,000		11,100	RETURN TO CITY HALL
CITY ATTORNEY (CH)	13,900	14,000		14,000	RETURN TO CITY HALL
City Attorney (Fox Plaza)	0	0		35,000	AT FOX PLAZA - MOVE TO CITY HALL
ASSESSOR	13,100	13,000		0	REMAIN AT 875 STEVENSON
RECORDER	10,500	13,000		0	REMAIN AT 875 STEVENSON
ASSESSMENT APPEALS	1,600	3,300		0	REMAIN AT 875 STEVENSON
TREASURER/TAX COLLECTOR	25,100	24,000		0	REMAIN AT 875 STEVENSON
REGISTRAR OF VOTERS	15,000	15,000		0	RELOCATE TO CIVIC CENTER
CONTROLLER	20,800	22,000		0	REMAIN AT 875 STEVENSON
HUMAN RESOURCES (CH)	11,500	12,000		0	REMAIN AT 44 GOUGH
Human Resources (44 Gough)	0	0		0	REMAIN AT 44 GOUGH
CIVIL SERVICE	1,500	2,400		0	RELOCATE TO CIVIC CENTER
PUC	2,600	3,000		0	REMAIN AT 1155 MARKET
DPW	18,400	22,000		0	REMAIN AT 875 STEVENSON
Building Custodial	3,700	3,700		3,700	RETURN TO CITY HALL
Building Maintenance & Shops	7,900	7,900		7,900	RETURN TO CITY HALL
PURCHASER	5,800	6,000		0	MOVE TO CIVIC CENTER
REPRODUCTION & MAIL	10,600	10,000		0	REMAIN AT 875 STEVENSON
PERMIT APPEALS	900	2,000		0	REMAIN AT 875 STEVENSON
SHERIFF	5,600	7,000		0	RELOCATE TO CIVIC CENTER
LAW LIBRARY	12,600	14,000		0	RELOCATE TO CIVIC CENTER
PRESS ROOMS	1,200	1,200		2,000	RETURN TO CITY HALL
CAFETERIA	1,300	2,000		2,000	RETURN TO CITY HALL
POST OFFICE	600	700		0	
DET	1,300	2,500		2,500	RETURN TO CITY HALL
ISD	15,700	0		0	REMAIN AT 1 MARKET PLAZA
TESTING LAB	2,600	0		0	REMAIN AT NORTH POINT
CHILDCARE	0	4,000		4,000	NEW TO CITY HALL
COMMISSION ON ENVIRONM'T	0	2,000		0	NEW TO CIVIC CENTER
ETHICS COMMISSION	0	2,000		0	MOVE TO CIVIC CENTER
HEARING ROOM(S)	1,300	1,300		14,700	CREATE IN CITY HALL
SEISMIC IMPACT (GRND FLOOR)	0	9,000		9,000	
EVENTS STAGING & STORAGE	0	0		2,900	NEW TO CITY HALL
KITCHEN / FOOD SERVICE	0	0		3,500	NEW TO CITY HALL
BICYCLE STORAGE	0	0		1,200	NEW TO CITY HALL
MAIN FL. PUBLIC TOILETS	0	0		1,500	NEW TO CITY HALL
TOTALS	322,300	256,500	65,800	186,300	
			X \$15/SF/YR.		
			\$987,000		

Costs to Lease Additional Space for City Hall
(amounts in millions)

ONGOING COST INCREASES		
Rent at 875 Stevenson Street	1.800	
Janitorial/Electrical/Security at 875 Stevenson Street	0.625	
Registrar/Purchaser/Shenff from 633 Folsom	0.450	
Additional Security for Registrar	0.030	
Law Library	0.510	
Civil Service	0.040	
Commission on the Environment	0.040	
Human Resources	0.100	
TOTAL		3.595
RENT SAVINGS		
Fox Plaza - Mayor Children/Youth/Family	0.079	
Fox Plaza - City Attorney	0.484	
25 Van Ness - Mayor Housing/OCD	0.266	
TOTAL		0.829
ONGOING ADDITIONAL COSTS		
		2.766
POTENTIAL 1ST YEAR (ONE-TIME) COSTS		
Buyout of City Attorney Lease at Fox Plaza	0.484	
Buyout of Mayor's Lease at Fox Plaza	0.160	
Buildout of 25 Van Ness for new tenant(s)	0.350	
Moving costs for departments not returning to City Hall	0.500	
Office Fees at 875 Stevenson*	1.000	
TOTAL		2.494
RECAP OF TOTAL POTENTIAL ADDITIONAL COSTS		
First Year		5.260
Subsequent Years		2.766
* Fees include Transit Impact Development Fee,		
Childcare Fees, Affordable Housing Fees, etc.		
Could possibly be amortized over a 5 year period.		

Item 4 - File 28-96-4

Department: Department of Public Works (DPW)

Item: Resolution authorizing the Director of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace four structurally inadequate sewers. The first sewer is located on Francisco Street between Larkin Street and Mid-Block Polk Street, the second sewer is located on Lansing Street between First Street and Guy Place, the third sewer is located on Twenty-Third Avenue between Clement Street and Geary Boulevard, and the fourth sewer is located on Bannam Place between Green Street and Union Street.

Amount:

\$42,450 Sewer Repair at Francisco Street
60,800 Sewer Repair at Lansing Street
74,690 Sewer Repair at Twenty-Third Avenue
<u>54,180 Sewer Repair at Bannam Place</u>
\$232,120

Source of funds: Repair and Replacement Fund - financed by Sewer Service Charges

Description: The four emergency sewer repairs including contract details are described below:

Sewer Repair at Francisco Street - The DPW advises that on November 30, 1995, the DPW's Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing 12" sewer located at Francisco Street between Larkin Street and Mid-Block Polk Street had cracks and flooding from a catchbasin. The DPW reports that accordingly, the BSSR requested an emergency contract to repair the damaged sewer.

Mr. P.T. Law of the DPW advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on December 1, 1995, to acquire the necessary construction services. Mr. Law states that on January 12, 1996, the DPW selected Uniacke Construction, an LBE firm, as the lowest responsible bidder for the sewer repair work at the Francisco Street location, based on the bid amount of \$42,450. Uniacke Construction is neither an MBE or WBE firm. The repair work consists of replacing 280 feet of 12" diameter sewer pipe.

The list of bidders, their MBE/WBE/LBE status, and the amounts bid are as follows:

<u>Contractor</u>	<u>MBE/WBE/LBE</u>	<u>Bid Amount</u>
Uniacke Construction	LBE	\$42,450
McNamaga & Smallman	LBE	\$49,200
Esquivel Grading & Paving	MBE/LBE	\$54,980
Shaw Pipelines, Inc.	LBE	\$52,575
Marinship Construction	MBE/LBE	\$56,400
P&M Pipelines	LBE	\$58,030

According to Mr. Law, the repair work on the sewer located at Francisco Street commenced on February 22, 1996 and was completed on March 26, 1996.

Sewer Repair at Lansing Street - The DPW advises that on December 8, 1995, the DPW's BSSR notified the City Engineer that an existing 10" diameter iron stone pipe sewer located at Lansing Street between First Street and Guy Place had many offset joints, longitudinal cracks, a crushed and collapsed section and a depression on the pavement over the collapsed section of sewer. The DPW reports that accordingly, the BSSR requested an emergency contract to repair the damaged sewer.

In accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on January 19, 1996, to acquire the necessary construction services. Mr. Law states that on January 31, 1996, the DPW selected Esquivel Grading and Paving, an MBE/LBE firm, as the lowest responsible bidder for the sewer repair work at the Lansing Street location, based on the bid amount of \$60,800. The repair work consists of replacing 340 feet of existing iron stone pipe sewer with 12" diameter vitrified clay pipe.

The list of bidders, their MBE/WBE/LBE status, and the amounts bid are as follows:

<u>Contractor</u>	<u>MBE/WBE/LBE</u>	<u>Bid Amount</u>
Esquivel Grading & Paving	MBE/LBE	\$60,800*
Shaw Pipelines, Inc.	LBE	\$58,695
JMB Construction	MBE/LBE	\$64,425
Cal North Engineering	LBE	\$61,930
P&M Pipelines	LBE	\$63,256
Woods Construction, Inc.	LBE	\$64,000
Uniacke Construction, Inc.	LBE	\$67,675
Marinship Construction	MBE/LBE	\$72,780
A. Ruiz Construction	MBE/LBE	\$85,840

* Esquivel Grading and Paving was granted a 10 percent MBE/LBE preference resulting in the lowest bid amount of \$54,720.

According to Mr. Clifford Wong of the DPW, the repair work on the sewer located at Lansing Street commenced on February 21, 1996 and was completed on March 14, 1996.

Sewer Repair at Twenty-Third Avenue - The DPW advises that on December 7, 1995, the DPW's BSSR notified the City Engineer that an existing 2'-4" x 3'-6" brick sewer located at Twenty-Third Avenue between Clement Street and Geary Boulevard had a sagging crown, missing mortar and bricks, weak sidewalls, a crushed and collapsing section and a depression on the pavement over the collapsed section of sewer. The DPW reports that accordingly, the BSSR requested an emergency contract to repair the damaged sewer.

In accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on February 2, 1996, to acquire the necessary construction services. Mr. Law states that on February 12, 1996, the DPW selected Harty Pipelines, Inc., an LBE firm, as the lowest responsible bidder for the sewer repair work at the Twenty-Third Avenue location, based on the bid amount of \$74,690. Harty Pipelines, Inc. is neither an MBE or WBE firm. The repair work consists of plugging and filling of 650 feet of existing brick sewer and existing vitrified clay pipe side sewers will be extended to the existing main concrete sewer running along the abandoned sewer.

The list of bidders, their MBE/WBE/LBE status, and the amounts bid are as follows:

<u>Contractor</u>	<u>MBE/WBE/LBE</u>	<u>Bid Amount</u>
Harty Pipelines, Inc.	LBE	\$74,690
Shaw Pipelines, Inc.	LBE	\$81,790
Cal North Engineering	LBE	\$83,475
McNamara & Smallman	LBE	\$93,150
Woods Construction	LBE	\$94,000
P&M Pipelines	LBE	\$95,010
Esquivel Grading & Paving	MBE/LBE	\$104,895
JMB Construction	MBE/LBE	\$109,920
Marinship Construction	MBE/LBE	\$116,010
Uniacke Construction	LBE	\$147,150

According to Mr. Wong, the repair work on the sewer located at Twenty-Third Avenue commenced on March 21, 1996 and was completed on April 12, 1996.

Sewer Repair at Bannam Place - The DPW advises that on January 3, 1996, the DPW's BSSR notified the City Engineer that the existing sewer located at Bannam Place between Green Street and Union Street had multiple cracks and had partly collapsed. The DPW reports that accordingly, the BSSR requested an emergency contract to repair the damaged sewer.

In accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on February 2, 1996, to acquire the necessary construction services. Mr. Law states that on February 16, 1996, the DPW selected P&M Pipelines as the lowest responsible bidder for the sewer repair work at the Bannam Place location, based on the bid amount of \$54,180. P&M Pipelines is neither an MBE or WBE firm. The repair work consists of replacing approximately 6 feet of existing 10" diameter and approximately 252 feet of existing 12" diameter pipe sewer with new 12" diameter sewer.

The list of bidders, their MBE/WBE/LBE status, and the amounts bid are as follows:

<u>Contractor</u>	<u>MBE/WBE/LBE</u>	<u>Bid Amount</u>
P&M Pipelines	LBE	\$54,180
McNamara & Smallman	LBE	\$59,000
Woods Construction	LBE	\$64,000
Esquivel Grading & Paving	MBE/LBE	\$70,380
Harty Pipelines	LBE	\$68,930
Cal North Engineering	LBE	\$71,180
Darcy & Harty	LBE/JV*	\$78,820

* A joint-venture firm.

According to Mr. Wong, the repair work on the sewer located at Bannam Place commenced on March 18, 1996 and was completed on April 12, 1996.

Recommendation: Approve the proposed resolution.

Item 5 - File 127-96-2

Item: The proposed ordinance would amend Part III, Section 906B of the Municipal Code to extend the expiration date of the New Jobs Tax Credit by five years from the currently specified expiration date of December 31, 1997 to December 31, 2002.

Description: In May, 1993, the New Jobs Tax Credit ordinance was approved by the Board of Supervisors. The ordinance added provisions to the Municipal Code to create an exemption from Payroll and Gross Receipts taxes for firms which create new jobs in San Francisco. The ordinance is intended to provide an incentive for businesses to create jobs in San Francisco which otherwise would be located elsewhere, by exempting firms from the payment of business taxes (Payroll Taxes or Gross Receipts Taxes whichever is higher) on new jobs which are created in San Francisco.

Businesses pay the City either the Payroll Tax or the Gross Receipts Tax, whichever results in a higher tax liability. The proposed ordinance provides a business tax credit computed as the amount of Payroll Taxes which an employer would pay, in the absence of a tax credit, as a result of the new job. The amount of the tax credit for firms which pay the Gross Receipts Tax is calculated on the basis of the Payroll Taxes which would result from the new position, as if the firm were paying Payroll Taxes. The tax credit is deducted from the qualifying firm's actual liability to the City for the payment of Payroll or Gross Receipts Taxes.

During the first 12 months after a new job is created, the tax credit would equal 100 percent of a firm's Payroll Tax liability for the new salary and wages. During the second 12 months after a job is created, the tax credit equals 50 percent of a firm's Payroll Tax liability for the new salary and wages. The firm must document that the new job claimed for the tax credit represents an increase in permanent employment for that firm.

To ensure that the tax credit does not reduce the employers' Payroll Tax liability for existing jobs, the ordinance provides that no firm could pay less in business taxes after the tax credit than a baseline level, known as the "base year liability." The base year liability is calculated as the employer's highest Payroll Tax liability, exclusive of tax credits, in any previous tax year since 1992. Under this provision of the proposed ordinance, the tax credit only applies to the extent that salary and wages in a given tax year have increased over a baseline level established in a previous year. Also, if a firm expands

through acquisition of another company, it inherits the base year liability of the acquired company.

Comments:

1. Budgeted revenues from the Gross Receipts Tax and the Payroll Tax equal \$162,824,000 for Fiscal Year 1995-96. The Controller's latest report of projected actual revenues for Fiscal Year 1995-96 includes an estimated Gross Receipts and Payroll Tax revenue of \$165,197,000 or \$2,373,000 more than the budgeted amount.

2. The Tax Collector issues an annual report of companies claiming the New Jobs Tax Credit and companies claiming credits under a separate Enterprise Zone Jobs Tax Credit. The latest report for calendar year 1995 states that, since the creation of the program in 1993, 93 companies have claimed the New Jobs Tax Credit for the creation of 3,148 new jobs in San Francisco. The total amount of the tax credit for those companies over the three year period equaled \$732,091.

Recommendation: The proposed ordinance is a policy matter for the Board of Supervisors.

Office Of The Treasurer/Tax Collector

City and County of San Francisco

City Hall, 400 Van Ness Ave., Room 107 ♦ San Francisco, CA 94102



MARY I. CALLANAN, Treasurer

Phone: (415) 554-4478

RICHARD A. SULLIVAN, Tax Collector

Phone: (415) 554-4470

April 17, 1996

John L. Taylor
Clerk of the Board
Board of Supervisors
401 Van Ness Avenue 4th Floor
San Francisco, CA 94102

SUBJECT: 1995 NEW JOBS TAX CREDIT ANNUAL REPORT

Dear Mr. Taylor:

Pursuant to the provisions of Part III of the San Francisco Municipal Code, the Tax Collector is submitting the attached annual report of businesses that filed for tax credit under the New Jobs Tax Credit and Enterprise Zone Credit Ordinances.

The attached Schedule A summarizes the type of credit claimed. Three (3) firms claimed Enterprise Zone credit of \$572.97 for 9 employees and 48 firms claimed New Job Tax Credit of \$611,229.51 for 2,977 employees. There is an increase in the number of firms filing for New Jobs Tax Credit from 30 in 1994 to 48 in 1995 and a decrease in Enterprise Zone from 4 to 3.

In addition, I have attached a summary of the New Jobs Tax Credit for the tax years 1993, 1994 and 1995, for your convenience and comparison.

Yours truly,

A handwritten signature in dark ink, appearing to read "Richard A. Sullivan", written over a horizontal line.

RICHARD A. SULLIVAN
Tax Collector

RAS:jq

cc: Mary I. Callanan

Attachments

Schedule A

TAX COLLECTOR'S ANNUAL REPORT
OF
COMPANIES CLAIMING ENTERPRISE ZONE AND NEW JOBS TAX CREDIT
FOR
CALENDAR YEAR 1995

Type of Credit	No. of Firms Filing	Total No. of Employees	No. of Eligible Employees	Total Tax Credit
Enterprise Zone	3	31	9	\$ 572.97
New Job Tax Credit	47	6,150	2,977	611,229.51
Total	50	6,181	2,986	\$ 611,802.48

NOTE: Two companies claimed both New Jobs Tax
Credit and Enterprise Zone.

Prepared by: Solanita C. Dela Pena

TAX COLLECTOR'S ANNUAL REPORT OF COMPANIES CLAIMING ENTERPRISE ZONE AND NEW JOBS TAX CREDIT
for Calendar Years 1993, 1994, and 1995

Type of Credit	No. of Firm Filing			Total No. of Employees			No. of Eligible Employees			Total Tax Credit	
	1995	1994	1993	1995	1994	1993	1995	1994	1993	1995	1994
Enterprise Zone	3	4	3	31	39	92	9	12	26	\$ 572.97	\$ 778.47
New Jobs Tax Credit	47	30	16	6,150	997	743	2,977	670	171	\$ 611,229.51	\$ 105,757.73
		(1)						(2)			
Total	50	34	*21	6,181	1,036	*818	2,986	682	*188	\$ 611,802.48	\$ 106,536.20
										\$ 19,067.60	\$ 3,963.99

Notes:

In 1995, two companies claimed both New Jobs Tax Credit and Enterprise Zone Credit.

In 1994, one company claimed both New Jobs Tax Credit and Enterprise Zone Credit.

In 1993, totals (marked with an asterisk) do not add up due to two taxpayers claiming both the New Jobs Tax Credit & Enterprise Zone Credit.

(1) Total firms participating over three years equals 93.

(2) Total New Employees: 171 in 1993
499 in 1994 (670 less 171 created in 1993)
2,478 in 1995 (2,977 less 499 created in 1994)
3,148 Total

Items 6 and 7 - Files 101-95-72 and 102-95-18

Department: Hetch Hetchy Project
Public Utilities Commission

Items: **Item 6, File 101-95-72:** Supplemental appropriation ordinance appropriating and rescinding \$112,124 of Hetch Hetchy operating funds to allow Hetch Hetchy to create and delete six positions for FY 1995-96.

Item 7, File 102-95-18: Ordinance amending the 1995-96 Annual Salary Ordinance reflecting the creation of six positions in the Hetch Hetchy Project (Hetch Hetchy) of the Public Utilities Commission (PUC). The six positions to be created are: one classification 5630 Water & Power Analyst I; one 5631 Water & Power Analyst II; three 5633 Water & Power Specialist; and one 5634 Water & Power Manager. The ordinance would also reflect the deletion of six positions, as follows: one classification AA73 Water & Power Manager; three AA74 Water & Power Specialist; one AA75 Water & Power Analyst II; and one AA76 Water & Power Analyst I.

Amount: \$112,124

Source of Funds: Reappropriation of previously budgeted Hetch Hetchy funds.

Description: Hetch Hetchy began buying and selling power in the open market across the network of western electric utilities during FY 1993-94, pursuant to Board of Supervisors Resolution No. 54-92. As part of the FY 1994-95 budget process, six existing Hetch Hetchy positions were budgeted as "AA" (unclassified) positions, to carry out new responsibilities related to analyzing market conditions and determining when power should be produced and sold. Ms. Betty Thomas of the Department of Human Resources (DHR) advises that the DHR oversaw a study to determine the proper classifications and wage rates for the new responsibilities. The proposed supplemental appropriation (File 101-95-72) and amendment to the 1995-96 Annual Salary Ordinance (102-95-18) would reflect the establishment of the new classifications and wage rates, pursuant to the Director of Human Resources Notice of Final Action issued on January 18, 1996, which approved the study results.

The chart on the following page shows the reclassification of positions, and the potential annual budget impact at top salary step:

Memo to Budget Committee
April 24, 1996 Meeting of Budget Committee

<u>Classification/Title</u>	<u>No. of Positions Add (Delete)</u>	<u>Biweekly Salary</u>	<u>Maximum Annual Salary Top Step</u>	<u>Annual Budget Impact of Salaries</u>
5630 Water & Power Analyst I	1	\$1,603-\$1,946	\$50,791	\$50,791
AA76 Water & Power Analyst I	(1)	1,443-1,748	45,623	(45,623)
5631 Water & Power Analyst II	1	1,765-2,145	55,984	55,984
AA75 Water & Power Analyst II	(1)	1,658-2,014	52,565	(52,565)
5633 Water & Power Specialist	3	2,297-2,793	72,897	218,691
AA74 Water & Power Specialist	(3)	1,899-2,309	60,265	(180,795)
5634 Water & Power Manager	1	2,660-3,234	84,407	84,407
AA73 Water & Power Manager	(1)	2,557-3,108	81,119	(81,119)

Total Increase in Annual Salaries at Top Step

\$49,771

As indicated above, the salaries for the proposed new classifications are higher than the salaries for the existing temporary positions. However, only four of the six temporary positions have been filled during FY 1995-96, so Mr. Carlos Jacobo of the PUC reports that sufficient funds are available to cover the cost of the permanent positions for the balance of FY 1995-96 from a combination of reallocation of the salaries and fringe benefits, as well as excess salary savings, from the temporary positions. A total of \$112,124 is being reappropriated from these previously budgeted funds.

Comments:

1. Ms. Pat Pendergast of the PUC states that the results of the classification study conducted by the PUC under the supervision of the HRD showed that the rates of pay for the unclassified AA positions were below market rate when compared with other utilities. Ms. Pendergast reports that the study compared the rates of pay with those at a total of four other utilities, including the Santa Clara Valley Water District, the Western Area Power Administration, the Redding Water District and the Modesto Irrigation District.

2. Mr. Lawrence Klein of Hetch Hetchy reports that four of the six unclassified AA positions to be deleted are currently filled. Mr. Klein states that the personnel in these positions will retain their positions under the permanent classifications. These existing personnel would receive salary increases ranging from \$2,678 to \$10,348 annually.

3. The proposed supplemental appropriation is based on six pay periods. However, the earliest date on which the proposed ordinances could be implemented is May 6, 1996. Therefore the proposed supplemental appropriation should be reduced by \$35,122, from \$112,124 to \$77,002, to reflect

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four pay periods, rather than six pay periods. The proposed supplemental appropriation should provide \$66,761 in Misc. Salaries and \$10,241 in Mandatory Fringe Benefits, for a revised total of \$77,002.

- Recommendations:**
1. Reduce the proposed supplemental appropriation (File 101-95-72) by \$35,122, from \$112,124 to \$77,002, providing \$66,761 in Misc. Salaries and \$10,241 in Mandatory Fringe Benefits, to fund four pay periods, rather than six pay periods.
 2. Approved the proposed ordinances as amended.

Item 8 - File 101-95-73

Departments: San Francisco Redevelopment Agency (SFRA)
Chief Administrative Officer (CAO)

Item: Ordinance appropriating \$275,500 for salaries, professional services, and services of other departments to provide funds to the Office of the CAO to assist the Redevelopment Agency with urban design guidelines for the Mid-Embarcadero Roadway Replacement and Open Space Project.

Amount: \$275,500

Source of Funds: 1996 Tax Increment Bond Funds

Description: The Board of Supervisors previously approved legislation urging the SFRA to take the necessary steps to amend the Embarcadero Lower-Market (Golden Gateway) Redevelopment Project Plan to include Assessor's Blocks 202 and 203, located between the Embarcadero, Davis Street, Clay Street and Washington Street for purposes of facilitating the development of these parcels in connection with the Mid-Embarcadero Open Space Project (File 73-95-1). Most of the area of these properties was formally owned by Caltrans and was part of the right-of-way for the Embarcadero Freeway, except for a small section of Block 203, which is the site of an old, unused Department of Public Works (DPW) pumping station. Following the removal of the Embarcadero Freeway, the Caltrans properties were conveyed by Caltrans to the City at no cost. State law mandates that the City must now either use these properties for transportation purposes, or use the proceeds from their sale or disposition for transportation purposes.

The SFRA has entered into an Agreement with the CAO for the CAO to perform oversight responsibilities and coordination with other City departments in connection with the urban design and environmental studies and related activities associated with Assessor's Blocks 202 and 203 in order to (1) include these parcels in the Golden Gateway Redevelopment Area Plan and thereby facilitate the development of these parcels in connection with the Mid-Embarcadero Roadway Replacement and Open Space Project and (2) integrate these parcels into the CAO's Waterfront Transportation Projects. The eight Waterfront Transportation Projects include the Embarcadero Roadway Reconstruction Project, MUNI Metro Turnback Project, MUNI Metro Extension Project, F-Embarcadero Historic Streetcar Line Project, Mid-Embarcadero Roadway

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Replacement Project, Terminal Separator Structure Replacement Project, Traffic Systems Management Project and the Mid-Embarcadero Open Space Project.

Comments:

1. Attachment I is a detailed budget provided by the CAO for the expenditure of the requested \$275,500 and a description of the services to be provided by the CAO, the Recreation and Park Department (RPD), the Department of Public Works (DPW), and the Art Commission in connection with the urban design and environmental studies and related activities associated with Assessor's Blocks 202 and 203.

2. Included in the attached detail budget is \$135,000 for a consultant contract with Roma Design Group to provide a conceptual design plan for the surface elements of potential, future public open space created by the "split" roadway alignment of the Mid-Embarcadero Roadway Replacement Project. The Mid-Embarcadero Open Space Project (MEOS) is a separately funded project which involves Assessor's Blocks 202/203, Justin Herman's Plaza and the MUNI-Ferry Bus Terminal. Public art components will be integrated into the conceptual design plan. According to the CAO, Roma Design Group, which is neither an MBE nor a WBE, was selected on the basis of having best met the criteria outlined in the CAO's, Request for Proposal (RFP).

3. Attachment II, provided by the CAO, provides Roma Design Group's hours and hourly rates, and a list of the subcontractors along with the MBE/WBE status of the subcontractors and the subcontractors' hours and hourly rates. Attachment III lists all five firms which submitted proposals, their MBE/WBE status, and the amount of their proposals.

Recommendation: Approve the proposed ordinance.

Attachment I					sfrassup
Mid-Embarcadero Roadway Replacement/Open Space Projects Detailed Budget					4/18/96
Projected Hours and Hourly Rates					
001-00101 Salaries - Miscellaneous (CAO/WTP)					
Position	Hours	Hr. Rate	Total	CAO/WTP Responsibilities:	
1371 Special Assistant 11	90	\$ 37.56	\$ 3,380	Project coordination and oversight, Urban Design Contract management, Public Information and Community outreach, financial control and administra- tion, engineering review, legislative reviews and approvals, general administrative support.	
1372 Special Assistant 12	90	\$ 39.41	\$ 3,547		
1373 Special Assistant 13	150	\$ 42.05	\$ 6,308		
1446 Secretary 2	109	\$ 22.62	\$ 2,466		
5504 Project Manager 2	310	\$ 42.07	\$ 13,042		
Total Salary & Fringe			\$ 28,742		
Prorated Direct Expenses @ 5%			\$ 1,458		
001-00101 SUBTOTAL			\$ 30,200		
021-02799 Professional Services					
Urban Design Consultant (CAO manages)			\$ 135,000	see budget details in Attachment II below	
Consulting Artists (Art Commission manages)			\$ 20,000	see budget details in Attachment II below	
021-02799 SUBTOTAL			\$ 155,000		
081-081WE Services of Other Dept. - DPW Engineering					
Environmental Review Services Consultant			\$ 58,500	provides partial funding for environmental review for rezoning of assessor's blocks 202/203 (see previous file 101-95-3.1)	
081-081WE SUBTOTAL			\$ 58,500		
Projected Hours and Hourly Rates					
081-081RP Services of Other Dept. - Rec. & Park					REC/PARK Responsibilities:
Position	Hours	Hr. Rate	Total	Staff support services in attending meetings and reviewing design guide- lines, coordination of Rec/Park Commis- sion review and approvals.	
5282 Planner IV	100	\$ 55.58	\$ 5,558		
5280 Planner III	201	\$ 46.88	\$ 9,442		
081-081RP SUBTOTAL			\$ 15,000		
Projected Hours and Hourly Rates					
081-081AR Services of Other Dept. - Art Commission					ART Commission Responsibilities:
Position	Hours	Hr. Rate	Total	Staff support services in attending meetings, managing artist contracts, reviewing design guidelines, coordination of Art Commission review and approvals.	
3546 Curator IV	10	\$ 56.30	\$ 563		
3542 Curator II	120	\$ 36.07	\$ 4,328		
3541 Curator I	97	\$ 28.80	\$ 2,794		
Total Salary/Fringe & Overhead			\$ 7,685		
Direct Expenses (includes artist selection costs)			\$ 9,115		
081-081AR SUBTOTAL			\$ 16,800		
MID/MEOS TOTAL BUDGET			\$ 275,500		

Attachment II				sfrassup	
Hours and Hourly Rates for the Proposed Contractor and Subcontractors (021-02799 - Professional Services)				4/18/96	
Position	Hours	Hr. Rate	Total		
ROMA DESIGN GROUP (Prime Contractor)					
Principal	175	\$ 150.00	\$ 26,250		
Urban Designer	92	\$ 90.00	\$ 8,280		
CADD	68	\$ 60.00	\$ 4,080		
Direct Expenses			\$ 4,290		
TOTAL COST			\$ 42,900		
PWWJ & PARTNERS					
Principal	106	\$ 195.00	\$ 20,670		
Senior Landscape Arch.	87	\$ 95.00	\$ 8,265		
Junior Designer	141	\$ 65.00	\$ 9,165		
Direct Expenses			\$ 2,020		
TOTAL COST			\$ 40,120		
SASAKI ASSOCIATES					
Principal	81	\$ 150.00	\$ 12,150		
Senior Landscape Architect	74	\$ 75.00	\$ 5,550		
Direct Expenses			\$ 1,000		
TOTAL COST			\$ 18,700		
GREG ROJA & ASSOCIATES (MBE)					
Principal	36	\$ 90.00	\$ 3,240		
Draftsman	246	\$ 40.00	\$ 9,840		
Direct Expenses			\$ 6,000		
TOTAL COST			\$ 19,080		
SAYLOR CONSULTING GROUP (MBE)					
Principal	8	\$ 115.00	\$ 920		
Cost Estimator	57	\$ 90.00	\$ 5,130		
Direct Expenses			\$ 260		
TOTAL COST			\$ 6,310		
MAI ABERGAST (WBE)					
Principal	13	\$ 125.00	\$ 1,625		
Direct Expenses			\$ 125		
TOTAL COST			\$ 1,750		
ECONOMIC & PLANNING SYSTEMS					
Principal	24	\$ 135.00	\$ 3,240		
TOTAL COST			\$ 3,240		
TREADWELL & ROLLO					
Principal	4	\$ 165.00	\$ 660		
TOTAL COST			\$ 660		
HELLER & MANUS					
Principal	16	\$ 140.00	\$ 2,240	TOTAL CONTRACT VALUE	
TOTAL COST			\$ 2,240	\$135,000	

Attachment II						sfrassupp
Hours and Hourly Rates for the Proposed Contractor						4/18/96
and Subcontractors (021-02799 - Professional Services)						
Position	Hours	Hr. Rate	Total			
ARTIST 1						
Principal	133	\$ 75.00	\$ 10,000	development of conceptual/schematic design for open space art		
SUBTOTAL			\$ 10,000			
ARTIST 2						
Principal	133	\$ 75.00	\$ 10,000	development of conceptual/schematic design for open space art		
SUBTOTAL			\$ 10,000			
TOTAL PROFESSIONAL SERVICES COST			\$ 155,000			

Attachment III					sfrasupp
Urban Design Contract Response to RFP					4/18/96
The following five consulting teams responded to the CAO's Request For Proposals for Urban Design Services for the Mid-Embarcadero Roadway and Open Space, in October 1995:					
Team				Bid	
Wallace Roberts & Todd/William Turnbull Associates				\$386,000	
ROMA Design Group/Peter Walker/Sasaki Associates				\$350,600	
Simon-Martin-Vegue Winkelstein Moris/Hargraves/ZGF				\$381,000	
Robert La Rocca				\$250,000	
Michael Pauier/Des Mass MaleTic				\$325,000	
None of the prime contractors submitting proposals are MBE/WBE firms.					
The RFP contained scope and staging components that are larger than the urban design contract actually being certified at this time. Subsequent changes and negotiations resulted in the actual contract amount of \$135,000.					

Item 9 - File 101-95-74

Department: Police Department

Item: Ordinance appropriating \$5,337,594 from the General Fund Reserve for purchase and installation of an interim Computer Aided Dispatch System (CAD/911) at the Police Department, including Professional Services, Services of Other Departments and Overtime.

Amount: \$5,337,594

Source of Funds: General Fund Reserve

Description: The Police Department's Communications Control Center is currently designated as the Public Safety Answering Point (PSAP) for 911 emergency calls in the City. The 911 system operates using a Computer Aided Dispatch (CAD) system, which has experienced a wide range of technical difficulties, including hardware and software failures, in recent years. According to the Police Department, the CAD system was installed in the early 1980's using 1970's technology. On December 20, 1995, the Chief of Police issued a Declaration of Emergency under Administrative Code Section 21.25 for the procurement of an interim CAD/911 system because the health and safety of Police Officers and the public were threatened due to repeated failures of the system and the inability of the City to ensure reliable operation of the system.

Under Administrative Code Section 21.25, the procurement of such a system may be executed "in the most expeditious manner". Therefore, the procurement for an interim CAD/911 system can be completed without formal competitive bidding and without issuing a Request for Proposal (RFP). Pursuant to Section 21.25, the Police Department's Communications Division, in conjunction with the Controller's Information Services Division (ISD), issued a document of issues and questions to four established vendors of CAD systems to determine which vendor could best meet the City's requirements for the interim CAD system. Three of the four vendors responded, and members of ISD and 911 Dispatchers conducted site visits to 911 centers using two of the vendors' equipment to observe the functions of the different systems.

According to Mr. Steve Lutes of the San Francisco Police Department's Planning Department, the first priority objective of the interim CAD system is to mitigate the operational problems of the current CAD, with minimum

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disruption due to training for 911 Dispatchers. Since the proposed interim system will be replaced when the permanent Combined Emergency Communications Center (CECC) is constructed in several years, and dispatchers will need to be retrained on a completely different system, the priority for the interim CAD system is to have a smooth transition to a system that has the "look and feel" of the existing CAD without the current technical failures.

Tiburon, Inc., the vendor for the existing CAD system, has been selected by the Police Department for the proposed interim CAD project. Although the current CAD system has experienced technical difficulties and system failures, the Police Department has selected Tiburon again for the interim CAD system because it best met the criteria for the proposed interim CAD system. In addition, Mr. Lutes indicates that many of the current Tiburon CAD system failures are attributable to the age of the system's technology. Mr. Lutes notes that although the other vendors that responded to the issues and questions document may have more "next generation" technology than Tiburon, Inc., the assessment of management and dispatch staff from the Police Department's Communications Division indicate that their systems differ significantly in appearance from the existing CAD, and would have required either significant training time and expense, or extremely costly modifications to duplicate the "look and feel" of the Department's existing CAD system.

The interim CAD system installation is scheduled to take approximately six months from the time the proposed contract is executed between the City and Tiburon, Inc. Mr. Lutes reports that a draft contract has been prepared, and, pending the Board of Supervisors approval of this proposed supplemental appropriation, will be submitted to the Mayor for approval. Upon approval by the Mayor, the contract will be sent to Tiburon, Inc. for negotiation. Mr. Lutes anticipates that, if this proposed supplemental appropriation is approved, and the Mayor approves the draft contract with Tiburon, negotiations can be completed with Tiburon and the implementation of the interim CAD system may begin in early May, 1996, with an estimated completion date of October, 1996. A project timeline with specific tasks is provided as Attachment 1 to this report.

Budget: The requested \$5,337,594 would be expended as follows:

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**Expenses for Maintaining Current CAD System While
 Transitioning to New Proposed Interim CAD/911 System**

Information Services Division

Personnel

Network Software Specialist (80 hours @ \$58.81/hr)	\$4,705
Operations Staff (120 hours @ \$42.79/hr)	<u>5,134</u>
Subtotal	\$9,839

Contract Services (see Comment #1)

Trident Contract (80 hours @ \$150/hour)	\$12,000
Owens Contract (432 hours @ \$59/hour)	<u>25,488</u>
Subtotal	\$37,488

Police Department

Contract Services - Wayne Papy (see Comment #2)	<u>\$50,000</u>
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Subtotal - Current CAD

\$97,327

Expenses for New Proposed Interim CAD/911 System

Information Services Division

Personnel (see Comment #3)

Systems Administrator (1,300 hours @ \$58.81/hr)	\$76,456
Teleprocessing Techs. (1,680 hours @ \$42.79/hr)	<u>71,882</u>
Subtotal	\$148,338

Computer Hardware Expenses

Additional computer Controller unit	\$110,000
New networking hardware (Token Ring Boards)	<u>18,000</u>
Subtotal	\$128,000

Police Department

Personal Services Contract

Project Manager (see Comment #4)	\$140,000
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Operating Expenses

Police Dispatcher Overtime (see Comment #5)	219,419
Preparation of CAD site (see Comment #6)	90,000
DET Wiring Work (see Comment #6)	50,000
DPW Electrical/Other Work (see Comment #6)	50,000
Uninterruptable Power Supplies (see Comment #7)	194,250
Upgrade Backup Generator (see Comment #7)	<u>115,000</u>
Subtotal	\$858,669

Contract - Tiburon, Inc. (see Comment #8)

Base System	\$2,639,545
Optional Items	635,281
Sales Tax - Base System	83,005
Sales Tax - Optional Items	10,286
Performance Bond	<u>40,935</u>
Subtotal	\$3,409,052

Subtotal - Interim CAD/911

\$4,544,059

Contingency (15 % of Total Project Costs
 of \$4,651,386)

696,208

Total CAD Project Budget

\$5,337,594

Comments:

1. Mr. Steve Frederick of the Controller's Information Services Division (ISD) reports that the two contractors,

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Trident and Owens, are currently under contract with ISD to provide operating system and software support services on an as-needed basis. Their existing contracts with ISD do not include the work required for the interface with a new CAD system. Therefore, Mr. Frederick reports that existing contracts with Trident and Owens would be modified to reflect the additional work on the interim CAD project.

2. Wayne Papy currently has a contract with the Police Department to provide consulting services regarding optimizing data storage for the existing CAD system. The \$50,000 cost estimate is based on Mr. Papy's current contract rate of \$96 per hour for approximately 521 hours. His existing contract does not include the work required for the implementation of the proposed interim CAD system. Therefore, Mr. Lutes reports that the existing contract with Mr. Papy would be modified to reflect the additional work on the interim CAD project. Mr. Papy is not an MBE or a WBE.

3. The Systems Administrator position is based on a full-time ISD employee providing systems administration services for the CAD system beginning in September, 1996 (a month prior to the estimated completion of the installation of the CAD). Mr. Frederick reports that this figure is based on 130 billable hours per month (or 1,300 for the ten months from September 1996 through June 30, 1997, times \$58.81 per hour, for a total of \$76,456). According to Mr. Frederick, systems administration services will be needed on a full-time basis for the duration of the time the interim CAD system is in use. Therefore, this Systems Administrator position would represent an additional ongoing expense that will be incurred in Fiscal Year 1997-98 and in subsequent years while the interim CAD system is in use.

Similarly, the Teleprocessing Technicians item includes a one-time expense of \$5,135 (120 hours x \$42.79 per hour), plus an ongoing expense of one additional Teleprocessing Technician dedicated to the interim CAD system, at a cost of \$66,747 (1,560 billable hours per year x \$42.79 per hour, ISD's rate for this service) for the fiscal year 1996-97, for a total of \$71,882. According to Mr. Frederick, teleprocessing technician services will be needed on a full-time basis for the duration of the time the interim CAD system is in use. Therefore, this Teleprocessing Technician position would represent an additional ongoing expense that will be incurred in Fiscal Year 1997-98 and in subsequent years while the interim CAD system is in use.

Mr. Frederick notes that the Controller's ISD will need to hire two additional employees for the Systems Administrator and the Teleprocessing Technician positions to perform the above-noted services on an ongoing basis. Therefore, the ISD plans to include a request for these two additional positions in their Fiscal Year 1997-98 departmental budget request, according to Mr. Frederick. Mr. Frederick adds that funds for these positions would be work-ordered to ISD from the Police Department in Fiscal Year 1997-98 and in subsequent years.

4. The Project Manager personal services contract was executed on March 20, 1996 for the management of the interim CAD system implementation. The contract amount of \$140,000 is for the period from March 1, 1996 through November 30, 1996. According to Mr. Lutes, a national search was conducted to recruit an appropriate Project Manager. The personal services contract was executed on March 20, 1996. Therefore, this proposed supplemental appropriation ordinance should be amended to authorize the retroactive approval of the proposed ordinance.

5. Captain Thomas Donahoe of the San Francisco Police Department's Communication Division estimated that dispatchers and supervisors will require 24 hours of training on the interim CAD system. The dispatchers and staff will not be able to perform their regular duties during training, and therefore additional overtime hours will be required in order to cover dispatchers and other staff shifts while they are attending training. Attachment 2 shows Captain Donahoe's cost estimate of \$194,418.60 for overtime costs for this training. Mr. Lutes reports that an additional \$25,000 in overtime costs associated with training non-dispatch staff is included in this total of \$219,419.

6. The Department of Public Works and the Department of Electricity and Telecommunications have provided estimates for the electrical, wiring, cabling and minor construction work associated with the installation of the interim CAD system. Mr. Lutes provided the Budget Analyst with copies of these cost estimates.

7. The Uninterruptable Power Supply (UPS) is a device that provides a short-term source of power in the event of a power failure. It provides power to the system until a backup generator is able to come on-line. According to Mr. Frederick, the UPS and the upgrades to the backup generator are essential to the functioning of an emergency response system such as the 911 CAD. The DPW has

provided cost estimates for the installation of the UPS and the upgrades to the backup generator.

8. Attachment 3 shows a detailed inventory of the costs of the contract with Tiburon, Inc.. It should be noted that the total amount shown in Attachment 3 is \$3,426,962, or \$17,930 higher than the amount in this proposed supplemental appropriation of \$3,409,052. Mr. Lutes reports that this difference is due to the fact that one item was not included in the supplemental appropriation request, and explains this discrepancy in the memo which is also included in Attachment 3 to this report. This \$17,930 will be covered by the project contingency.

9. Tiburon, Inc. is neither an MBE or a WBE firm. The current CAD system is a proprietary product of Tiburon, Inc. and under the terms of the City's acquisition of this system, Tiburon, Inc. retained sole rights to provide software support and maintenance services to the City for the CAD portion of the 911 system.

10. John Madden of the Controller's Office advises that the Controller will submit an Amendment of the Whole to the proposed ordinance establishing these funds as a project appropriation in order to ensure that the requested \$5,337,594 will only be expended for the proposed interim CAD/911 system.

Recommendation: Amend the proposed legislation to authorize retroactive approval of the proposed ordinance and approve the proposed ordinance as amended.

Attachment 1

San Francisco Police Department

Task	Task/Weeks After Contract Signing	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1	Contract Signing																														
2	Project Startup																														
3	Finalize Network Configuration/Operation																														
4	Develop Project Implementation Plan																														
5	System Specification Review																														
6	Custom Plan																														
7	Develop Personnel System Port Plan																														
8	Stage Hardware at Thuron Test Facility																														
9	System Tailoring-CAD																														
10	System Tailoring Message Switch																														
11	Reclaim City's CAD Terminals with PCs																														
12	Partial Personnel System																														
13	On-Site Installation																														
14	Test Network and Hardware																														
15	Go/No Go and Load																														
16	File Bu/Draw Connection																														
17	Functional Testing																														
18	System Integration Testing																														
19	Training																														
20	System Performance/Load Testing																														
21	System Closure																														
22	Reliability Test																														
23	System Acceptance																														
24	System Warranty																														
25	Weekly Status Meetings																														
26	Weekly Status Reports																														
27	Quality Control/Review																														

Memorandum

Attachment

San Francisco Police Department



APPROVED

YES

NO

To: Prentice E. Sanders
Assistant Police Chief

From: Captain Thomas P. Donohoe
Communications Division

[Handwritten signature of Captain Thomas P. Donohoe]

_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

Date: March 1, 1996

Subject: Interim CAD - Training Overtime

During the training for dispatchers On the interim CAD system, it will be necessary to use overtime to maintain minimum staffing in the Communications Division. Using 24 hours as the maximum training period, I have calculated the amount of overtime needed to train 144 dispatchers and 9 supervisors.

There would be no need of overtime to train the managers or the director.

8238 DISPATCHERS

144 x 24 hours = 3456 hours

2336 hours @ \$33.7365 (inc. night differential) = \$78,808.00
1120 hours @ \$31.2375 = 34,983.20

Total \$113,791.20

8239 SUPERVISORS

9 x 24 hours = 216 hours

144 hours @ \$38.275 (inc. night differential) = \$55,112.40
72 hours @ \$35.4375 = 25,515.00

Total \$80,627.40

GRAND TOTAL \$194,418.60

It may be possible to train some personnel without using overtime.

Appendix B
San Francisco Police Department
Project Deliverables
Pricing Overview

Attachment 3
Page 1 of 2

		Tax?	Tax Amount
License Fees:	CAD/2000	N/A	
	TDO Interface	\$20,100	
	MSS/2000 (MDT/CLETS/PIN)	\$39,000	
	Geographic Maintenance System (GMS)	\$18,400	
	Calls for Service - Ad Hoc Reporting	\$14,200	
Implementation Services:	Project Management	\$178,400	
	Standard Technical Services	\$440,875	
	• Specification Review		
	• Standard System Tailoring		
	• Installation and Testing		
	• Documentation		
	• System Cutover/Certification		
	Onsite Support (90 Days)	\$71,400	
Other Services:	Customization - as Proposed	\$260,260	
	Geographic File Creation	\$107,525	
	• Support of Existing Geofile Structures	\$92,470	
	Data Conversion	\$25,200	
	Technical/User Training	\$53,900	
Hardware:	CAD/2000 & MSS/2000 Server	Y \$613,774	\$62,171
	CAD Workstations (31)	Y \$249,131	\$21,178
	Network & Miscellaneous Components	Y \$105,067	\$8,931
	Bridge Equipment	Y \$33,700	\$2,568
Other	Systems Integration	\$250,418	
	Contract Administration	\$30,000	
	Hardware Maintenance (Annual)		\$3,849
	Hardware Maintenance to 7/1/97	\$70,386	
	Project Total with No Options		\$2,070,946
Options:	Hardware Expansion (future growth)	Y \$83,148	\$7,068
	T403-003 Tape Drive (IBM 3480)	Y \$36,800	\$3,137
	NETCLOCK/2	Y \$4,850	\$395
	NETCLOCK/2 Services	\$5,000	
	Additional Customization (See Attached)	\$141,540	
	Personnel System Port	\$215,000	
	Personnel System Schedule In Sync w/CAD	\$75,000	
	Geofile "Scrub" Option	\$57,610	
	Options Subtotal		\$919,148
	Tax Subtotal		\$95,741
	Project Total with Options		\$3,230,114
	Performance Bond		\$41,126
	Project Total with Options, Performance Bond & Tax		\$3,428,982
Note: Assume City provides network installation services.			
Note: Annual Tiburon Software maintenance, beginning 7/1/97 = \$38,800			
Note: Tax Rate = 8.50%			

License Fees	\$90,600
Services	\$2,073,084
Hardware	\$1,128,370
Tax	\$95,741
Bond	\$41,126
Total	\$3,428,982

Memorandum

San Francisco Police Department



APPROVED

YES

NO

TO : Assistant Chief Prentice Sanders

FROM : Steve Lutes *Steve Lutes*

DATE : Friday, April 19, 1996

SUBJECT : Variance between supplemental appropriation and contract
pricing overview costs

Lisa Zuckerman, budget analyst for the Board of Supervisors, has alerted me to a roughly \$17,930 difference between the amount of the Tiburon contract as stated in the supplemental appropriation request versus the amount listed in Appendix B of the draft contract.

The difference is due to the post-supplemental inclusion of an SNA Network Routing Facility (Stratus) at \$16,400 plus tax and installation.. The item occurs on the "Project Deliverables: Hardware Pricing" page of Appendix B. The need for this item was discovered after the supplemental request had been made and should have been factored against the project contingency fund. Due to a clerical error it was incorporated into the draft contract hardware detail instead,

Please retain this memo in the event the matter is raised during Board hearings re the supplemental appropriation request.

cc: Lisa Zuckerman, Budget Analyst, Board of Supervisors
Glenn Marin, Project Manager

c:\intcad\041696a.doc

SFPD-68 (03/89)

Item 10 - File 97-96-16

Department: Art Commission, Art Enrichment Program

Item: Ordinance amending the Administrative Code by amending Section 3.13 to require two percent of estimated construction costs for Art Enrichment of public structures, parks and transportation improvement projects; restricting the application of the Art Enrichment ordinance to total construction costs rather than total project costs; providing for maintenance and conservation funds; allowing for aggregation of Art Enrichment funds; and increasing Art Commission administrative fees.

Description: Currently, Section 3.13 of the Administrative Code provides that for all capital improvement projects that results in either the construction of new City buildings, or in the additions to existing City buildings, an amount of up to two percent of the total capital improvement project budget must be allocated for the adornment of the subject building. Adornment includes the installation of paintings, sculptures, or other artistic enhancements. The Art Commission's Art Enrichment Program manages all art adornment funded by such capital improvement project appropriations.

The Art Commission may use up to five percent of the amount allocated for adornment for administrative costs under the existing ordinance. There is currently no amount of funding set aside for the cost of maintenance or conservation of these adornments once they have been installed in the new or expanded buildings.

Comment 1 of this report provides a description of the appropriation and budgetary controls for the Art Enrichment Program.

The proposed ordinance would amend Section 3.13 of the Administrative Code as follows:

(1) Substitute the term "adornment" with the term "art enrichment" to describe the funding allocation provided to the Art Commission's Art Enrichment Program.

(2) The proposed ordinance would expand the types of City construction projects required to provide art enrichment funds from the construction of new buildings or addition to existing City buildings (now covered) to also include construction of new City Parks, and construction of addition to or renovations of:

- all City structures (although structures are not defined in the proposed ordinance, this amendment would assure the inclusion of other facilities or structures that would not be considered buildings, such as Candlestick Park or the Hetch Hetchy Project's O'Shaughnessy Dam);
- City transportation improvement projects (to include boarding ramps, transit platforms, terminals, shelters, power substations, and street/highway improvements such as bridges and overpasses).

Renovation of a structure, building or transportation project is defined by the proposed ordinance to include "substantial changes to structural elements such as walls, partitions, or ceilings on two-thirds or more of the total number of stories or total floor space, excluding basements.

Park and landscape renovation projects (in contrast to new construction projects) would be exempt from the requirements of the proposed ordinance, as would transportation improvement projects to replace rails, rehabilitate Muni Transit overhead lines or repair or repave streets and runways.

Attachment I, items 2 and 3, provided by the Art Commission, include an explanation of the Department's reason for clarifying the terms and expanding the scope of eligible projects.

(3) The proposed ordinance provides that for all eligible construction and renovation projects, the percentage allocated in each project budget for art enrichment would be two percent of the gross estimated construction cost, as opposed to the existing legislation which states that the art enrichment allocation is an amount not to exceed two percent of the total estimated project cost. Currently, total project costs include such expenditures as architectural and engineering services, land acquisition and site preparation, construction management, fixtures and project contingencies as well as construction costs. The effect of this feature of the proposed amendment will be to lower the amount of funds allocated to Art Enrichment for any given capital project. However, this decrease in funding could be offset, by a significantly larger amount of funding in the judgment of the Budget Analyst, through the inclusion of capital projects that

were not previously required to receive funding allocations for Art Enrichment, as described above. (See Comment 2.)

Currently, the ordinance states that before proposing a bond issue or making a request for an appropriation for the construction of or addition to a building, the responsible City Department must submit the proposal to the Art Commission for the Art Commission's recommendation as to the amount, not to exceed two percent of the gross estimated project cost, that should be included for art enrichment.

Under the proposed ordinance, this amount would no longer be negotiated on a case-by case basis, unless the responsible City Department specifically requests to negotiate the percentage. If agreement cannot be reached concerning the amount of funds to be allocated to Art Enrichment for a particular project, the matter will be brought to the Board of Supervisors for a decision.

Mr. Richard Newirth, Director of Cultural Affairs for the Art Commission, advises that setting the art enrichment allocation to exactly two percent of gross construction costs, instead of up to two percent of total estimated project costs, would save staff time used to negotiate the art enrichment allocation for each project and would be consistent with the prevailing practices in the field of public art. Item No. 5 of Attachment I, provided by the Art Commission, includes an explanation of these proposed changes.

(4) The proposed ordinance would authorize the Art Enrichment Program to utilize 20 percent of each project's art enrichment allocation for administrative costs, unless the Art Commission agrees to a lesser amount on projects with art enrichment allocations in excess of \$750,000, or unless an administrative fee is limited or prohibited by the funding source (such as Federal funding sources for transit improvement projects). Currently, the Art Enrichment Program may not exceed five percent of the total art enrichment allocation for administrative costs. Items No. 7, and 7a through 7d of Attachment I, provided by the Department, provide their explanation of the Department's reason for requesting a 300 percent increase (5 percent to 20 percent) in the percentage of the Art Enrichment's allocation for administrative costs. The explanation is based on a description of the Department's increased level of administrative involvement per project and the associated increased costs.

(5) Currently, the funds allocated in a project budget for art enrichment must be used for the facility funded by the project. The proposed amendment would authorize the Art Commission, when mutually agreed upon by the Art Commission and the City department from whose capital project budget the art enrichment

allocation was obtained, and where permitted by the funding source, to pool art enrichment funds for use at a more publicly accessible facility under the jurisdiction of the same participating City department.

Mr. Newirth advises that authorization to allow the Art Commission to pool funds would be beneficial when the new facility is not publicly accessible, or when the art enrichment contribution is so small that its overall contribution to the new facility would be negligible.

(6) The proposed ordinance provides that when permitted by the funding source, the Art Commission would have the authority to set aside and expend up to five percent of each project's art enrichment allocation for the maintenance and conservation of the art enrichment project. Art Enrichment allocations cannot be spent for maintenance and preservation under the present ordinance. Such expenditures can now occur if funds are specifically appropriated as a capital project in the Art Commission's annual General Fund budget.

Summary:

In summary, the proposed ordinance would (1) substitute the term "adornment" for "art enrichment", (2) significantly increase the number of capital projects that are required to allocate funds for art enrichment, (3) authorize the Art Commission to receive an allocation of two percent of construction costs for such projects (rather than up to two percent of total project costs), (4) authorize the Art Commission to utilize 20 percent of each art enrichment allocation for administrative costs, an increase of 300 percent from the current five percent allocation, (5) allow the Art Commission to pool project funds in specific situations, and (6) authorize the Art Commission to set aside up to five percent of each project's art enrichment allocation for maintenance and conservation.

Comments:

1. The Art Commission's expenditures for the Art Enrichment Program are not included in the Department's annual budget. Instead, such funds are allocated from capital project appropriations, that are included in the City's annual budget, or bond funded projects (not included in the annual budget) that now meet the criteria requiring art enrichment under the existing ordinance. Capital Project Managers then control the expenditure of such funds for art enrichment, including the 5% allocation to administrative expenditures. In response to our request that the Arts Commission provide current budgetary information and information on the planned expenditures for increased administrative funding, the Arts Commission has submitted the memorandum shown in Attachment II to this report.

2. Attachment I to this report provided by the Art Commission definitively states that the reduction in Art Enrichment funding due to an allocation method based on construction costs, instead of total project costs, "will more than offset the expansion of the categories of projects that will be eligible for art enrichment such as parks and transportation improvement projects."

However, the Art Commission is unable to provide the Budget Analyst with any estimate of the full impact which this proposed ordinance will have on total spending for art enrichment or the planned or existing capital projects that will be affected by the proposed ordinance.

The Budget Analyst believes that the combined effect, of (a) limiting the allocation to art enrichment to two percent of construction costs (rather than two percent of total capital project costs) and (b) expanding the total number of capital projects that will require an allocation of a portion of their available funds to art enrichment, could significantly increase the amount of capital project funding required for Art Enrichment purposes.

3. The Budget Analyst recommends that this proposed ordinance be continued to the call of the Chair and referred to the Capital Improvements Advisory Committee (CIAC) for review, comment and quantification of the cost impact of the Art Commission's proposal because the CIAC has responsibility for review and prioritization of the limited funding available for capital projects and has detailed knowledge of all existing and planned capital projects.

The Budget Analyst has discussed this matter with Mr. Steve Nelson of the Chief Administrative Officer's Office, Ms. Anne Branston, Acting Director of the Department of Public Works, Mr. Phil Arnold, Deputy General Manager of the Recreation and Park Department, Mr. Fred Clarke, Deputy Finance Officer of the Muni Railway, Mr. Anson Moran, General Manager of the Public Utilities Commission and Mr. Peter Nardoza of the San Francisco International Airport. None of these individuals knew of this proposed ordinance. All of these departmental officials have expressed concern over the proposed ordinance. These departmental officials suggest further review of this proposed ordinance, as recommended by the Budget Analyst. The Controller, who is also a member of the CIAC, likewise concurs with the Budget Analyst's recommendation for continuance of this proposed ordinance.

4. On Friday, April 19, a draft copy of this report was provided to Mr. Newirth, Director of Cultural Affairs for the Arts Commission for his review and comment. Instead of commenting on the draft to Budget Analyst staff, Mr. Newirth issued a memorandum that may be found in Attachment II. The Budget Analyst's response to Mr. Newirth's memorandum is as follows:

- The Budget Analyst consulted with City Department General Managers or their top staff in order to receive input on the important policy and fiscal implications of the proposed ordinance. Such individuals are the responsible managers for capital project planning and management. The Budget Analyst does not believe that capital project managers are the appropriate parties for speaking on behalf of their respective City Departments on matters of policy. Capital project managers are responsible for accounting controls over art enrichment funds that have been allocated for their respective projects.
- The Budget Analyst requested basic budgetary information concerning current operations of the Art Enrichment Program that we believe any manager should be able to provide at any time. Summary level information provided to the Budget Analyst in response to this request was received just prior to the issuance of this report and may be found on page 4 of Attachment II.
- Due to the large number of renovation and facilities maintenance capital projects that are customarily funded, by the Airport, the Public Utilities Commission and other City Departments, and approved or potential bond funded renovation projects (such as Fire Station improvements, Aquarium Improvements, the Youth Guidance Center, and a third Earthquake Safety program) that may be undertaken in the future, the Budget Analyst believes that, under the current wording of the proposed ordinance, total expenditures on Art Enrichment could increase significantly.
- The 300% increase in the amount of Art Enrichment funds that is proposed in this ordinance is a matter of fact and not a "totally misleading" statement.
- The Budget Analyst provided copies of this ordinance to many City Department heads for their comment, and to Mr. Steve Nelson, Chief of Staff for the CIAC. We do not believe that dissemination of proposed legislation was inappropriate.
- Budget Analyst staff have been in contact with Mr. Newirth for approximately two weeks on this proposed legislation, and we

are in possession of all material provided by the Art Commission. Senior Management staff of the Budget Analyst's Office communicated with the Art Commission through the Budget Analyst staff that was assigned to the review of this proposed ordinance. This is our customary practice.

5. Mr. Newirth does not concur with the Budget Analyst's recommendation that this matter be submitted to the CIAC for further review by the departments that will be affected by the proposed ordinance. Mr. Newirth further recommends that the proposed ordinance be approved and not be continued by the Budget Committee.

Recommendation: Continue the proposed ordinance to the Call of the Chair. Refer the proposed legislation to the Capital Improvements Advisory Committee for further review and comment and a report back to the Budget Committee on the effects, including the fiscal impact, of the Art Commission's proposal.

SUMMARY OF CHANGES INCORPORATED INTO PROPOSED AMENDMENT
OF ART ENRICHMENT ORDINANCE

The following descriptions will provide you with background information regarding the changes proposed in the amendment along with the Art Commission's justification for each change.

1. Substitute the term *art enrichment* in place of *adornment* in the title of ordinance and throughout the text of the ordinance. *Adornment* implies more of a decorative approach that does not reflect the intent or objectives of the program.
2. Include the terms *building, park or transportation improvement project* in addition to structure in title and text of ordinance. The use of these terms in addition to structures will clarify exactly what kinds of construction projects will be eligible for art enrichment. The current legislation incorporates the term *structures* in the title, but uses *building, or addition to a building* in the text. The language proposed by the amendment will eliminate this discrepancy, while expanding and clearly defining, the categories of public construction projects currently eligible for art enrichment.
3. Include the phrase *renovation of a building, structure or transportation improvement project in ordinance text*. Use of this phrase will allow for a broader application of the ordinance. Although many City departments wish to allocate funding for artwork in conjunction with a major renovation, this is not currently an eligible expense. The definition of renovation as reflected in the text of the amendment is based upon the San Francisco Building Code and relates to the requirements for the seismic upgrading of buildings. Specific kinds of transit improvements or renovations are exempted from art enrichment such as rail replacement, rehabilitation of catenary wiring, street or runway paving repair or repaving. These exemptions are enumerated in the text of the amendment. All park renovations are also exempt.
4. Add the phrase *or other artistic enhancements* which will better represent those kinds of art projects which are entirely integrated into the architecture or infrastructure of a construction projects, as opposed to a "stand-alone" art project.
5. Change existing text from "*said amount not to exceed two percent of gross estimated project cost*" to *two percent of the gross estimated construction cost*.

Redefining the basis for the application of the ordinance from total project to total construction costs represents a significant reduction in funding for art enrichment. Total project costs include design and management fees, excavation, land acquisition and furnishings. This can add as much as an additional 40% to the construction cost of a project. The change we propose is consistent with the prevailing practice in the field of public art. This reduction in art enrichment funding will more than offset the expansion of the categories of projects that will be eligible for art enrichment such as parks and transportation improvement projects. It also represents the Art Commission's acknowledgement of the City's need to initiate a more modest way of providing services and amenities to its residents and visitors.

We believe that changing the language from *not to exceed two percent* to a fixed *two percent* will ultimately save staff time spent on negotiating the art enrichment allocation for each and every project. The amendment includes a procedural provision which allows for the officer, board or commission concerned to submit to the Art Commission a recommendation for a lesser appropriation for art enrichment along with the basis for such recommendation. Only in the event that a mutually agreeable solution can not be reached, the matter will be resolved by the Board of Supervisors.

6. *Construction cost* has been defined by the City Attorney's office to eliminate any ambiguity about what is included and what is not applicable.

7. The Arts Commission shall have the right to use 20% of the art enrichment funding for project administration costs unless a lesser amount is agreed to on projects with art enrichment budgets in excess of \$750,000. The current administrative fee of 5% is severely inadequate. One reason is that the General Fund previously picked up many costs associated with program administration such as equipment, telephone, xerox, printing, postage, shipping, photography, blue print production etc. As the Art Commission's General Fund budget diminished, all of these costs had to be absorbed by the program itself, in addition to payroll and benefits, local field travel, conference attendance, purchase of reference materials, audio visual equipment and computers. The fee simply can not sustain these added expenses. In the past, we have also had to approach the Board for authorization to increase the administrative fees on particular projects. This was an extremely time-consuming effort. The 20% administrative fee proposed should preclude the Art Commission from having to do this again, resulting in an improved governmental efficiency.

Source: San Francisco Art Commission

A. Art projects are designed to be integral to the building's architecture, Art Commission involvement commences with the client's selection of the architectural consultant and continues through the completion of construction. The typical life span of a project is 3 to 7 years. Many of the early art enrichment projects were initiated after the building was completed and paintings were purchased from local galleries for installation, requiring substantial less effort and time than the process and approach which now characterizes the program.

B. A comparative study with other similar cities throughout the U.S. reveals these statistics in terms of administrative fees charged.

Miami - 20 to 25%

Phoenix - 25%

Seattle - 20%

Los Angeles - 18%

New York City - 20%

San Jose - 15%

Portland - 33%

C. The Art Commission includes an educational/outreach component for each new project. This is essential to lay the groundwork for a successful project, developed in response to the concerns and parameters defined by the community. It involves a series of public meetings, workshops, extensive outreach and "How To" sessions for new artists trying to enter the field.

D. A significant amount of time is spent by the Art Commission in working closely with the Human Rights Commission. At the onset of each new project, Art Commission staff develops a Recruitment Plan for each competition which must be approved by a HRC staff liaison. Art Commission staff actively try to research and recruit minority and women artists. Our statistics consistently exceed the goals set by the HRC for women minority participation.

8. Amend the ordinance to allow artwork to be placed at sites other than those which generated the funds..

Currently, artwork must be acquired for and placed at the site that generated the art enrichment funding. Having the option to aggregate funds will be of benefit when the facility is not publicly accessible or when the art enrichment allocation is so small that its overall contribution to the new facility may be negligible. It will also allow the Art Commission to place artwork in some of San Francisco's major civic spaces, which because their existence had pre-dated the enactment of the

ordinance, made them ineligible for art enrichment funding.

Decisions regarding the reserve and aggregation of funds for use at another site shall be mutually agreed upon by the Art Commission and the City department generating the funding. Funds shall not be used inter-departmentally and may be aggregated only when permitted by the funding source.

9. The amendment proposes that the Art Commission be allowed, where permitted by the funding source and when mutually agreed upon by the Art Commission and the participating City department, to set aside an amount not greater than 5% of the art enrichment funding from a particular project for maintenance and conservation purposes. The existing ordinance does not give the Art Commission clear legal authority to allocate art enrichment money for maintenance and conservation. The City Charter mandates that the Art Commission maintain and care for the works in its collection, but in reality, the Art Commission has little or no funding to do so. In the past, the Commission has received a small allocation from the Capital Improvements Fund and has applied for foundation and government grants. This change would establish a small pool of money to enable the Art Commission to responsibly repair damaged or vandalized artwork, or to conduct routine and preventative maintenance at no additional cost to the department generating the art enrichment funding. This proposal was met with great enthusiasm by the departmental representatives consulted. John Madden of the Controller's Office has agreed to establish an interest-bearing account for these monies once it amasses more than the sum of \$10,000.

10. Currently, the Asian Art Museum is not included in the list of those museums or cultural institutions whose powers shall not be abridged or limited by anything contained in the Art Enrichment Ordinance. The amendment includes the Asian Art Museum along with the War Memorial and the Fine Arts Museums.



Date: April 19, 1996

PROGRAMS
CIVIC ART COLLECTION
CIVIC DESIGN REVIEW
COMMUNITY ARTS
& EDUCATION
CULTURAL EQUITY GRANTS
POPS SYMPHONY CONCERTS
PUBLIC ART

To: Ken Bruce, Office of the Budget Analyst

From: Jill Manton, Director, Public Art Program

Re: Proposed Amendment to Art Enrichment Ordinance

Ken:

STREET ARTISTS LICENSES
SUITE 70
415.252.2581

ART COMMISSION GALLERY
401 VAN NESS AVENUE
415.554.6080

I am writing to provide you with further information relating to one of the provisions of the proposed amendment to the Art Enrichment Ordinance. Specifically, this memo will focus on the justification for increasing the Art Commission's administrative fee from 5% to 20%.

1. The Art Commission is mandated through Ordinance 30.69 to implement the Art Enrichment Ordinance. The Art Enrichment Program (or Public Art Program as it is more commonly known) is entirely self-sustaining. It uses no general fund money to pay operational costs, direct project charges or staff payroll. All of these expenses are charged directly to the administrative allocation. There are several indisputable reasons why an increase in the fee is absolutely necessary.

a. Most public art projects are now conceived to be integral to the building's design. Previously, art enrichment was not even selected for a building until the building was completed. Typically, already existing artworks were purchased for new projects, rather than commissioned, such as at the San Francisco General Hospital, one of the first art enrichment projects to be implemented after the ordinance was enacted. Now, because of the often inseparable relationship between the art and the architecture, Art Commission project management commences concurrent with the start of the design for the new construction project and is not finished until the project is completed. A good case in point is the New Main Library. Staff have been continuously working on this project for the past 6 years. Not only has the length of our involvement increased significantly, but the nature of our work has changed and become much more labor intensive. If you desire further information about the philosophy that accompanies the change in the orientation of art projects from stand-alone art objects to works integral to construction, I would be happy to expound upon this matter.

b. Before 1991, the 5% administrative fee was used exclusively for payroll and the program had no permanent staff, although it had been in continuous operation since the enactment of the legislation in 1969. All other operating costs and direct charges were absorbed by the Art Commission's annual budget provided by the General Fund. As the Art Commission's General Fund has been



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increasingly reduced, all of these charges for line items such as telephone, xerox, postage, fax, blue prints, photographic services, delivery services, field expenses, research materials, conference fees, printed materials, furniture, computers and office supplies have had to be absorbed by the Art Enrichment Program. These direct charges alone amount to approximately \$27,000 per year. The payroll expenses for the 4 1/2 persons who staff the program are equal to: \$247,444 a year based upon the currently salary levels of each staff person. The operating expenses for the Art Enrichment Program, including payroll and direct charges is approximately \$274,715 per year, not including payments to artists. Based upon an survey of the past two years, we have received approximately \$1.375 million a year in public art allocations, including grant funds and non-mandated allocations for transportation projects. Five percent of this amount (\$1.375 million) is \$68,750, which is \$205,969 less than our annual cost to administer the program. On the average, the Art Enrichment Program conducts approximately 60 to 75 projects a year which includes 10 to 15 projects of temporary duration which are implemented through the Market Street Art in Transit Program. Each staff person manages between 12 and 20 projects a year.

c. The 5% fee has been inadequate for several years, and realistically, the Art Commission should have gone to the Board to amend the ordinance earlier, but as an interim measure, we have:

- i. Negotiated a flat administrative fee for the Waterfront Transportation Projects which were not mandated by the terms of the ordinance and we were free to negotiate a 20% fee for our services provided since 1991.

- ii. Applied for and received funding for federal ISTEA grants from the California Transportation Commission. We had the good fortune to receive three grants for art in transit projects which brought in more than \$1.1 million to the City. We were all able to charge administrative expenses and direct project costs against these grant funds. The ISTEA program has not yet been re-authorized by Congress and there is no guarantee that our luck and good fortune in obtaining these grants will continue.

- iii. We have had to go back to the Board of Supervisors on five previous occasions to obtain authorization for the Art Commission to charge an administrative fees ranging from 10 to 20% on the following projects: Civic Center Court House, New Main Library, SF Intl. Airport, New Sheriff's Facility, Long Term Mental Health Facility. The current wording of the ordinance states that the Art Commission will receive 5% of the art enrichment allocation unless a greater amount

is authorized by the Board. We would not have been able to provide continuous management of these projects through to their completion without the authorization to charge fees in excess of 5%.

In essence, we have not been able to manage the program on the basis of the 5% fee and have only been able to provide ongoing staff support for projects through Board authorized increases, outside grant funds and negotiated fees for non-mandated transportation projects. At this point, we are left little alternative but to increase the administrative fee to adequately cover existing payroll and operating expenses. We are not planning to hire additional staff, nor upgrade our working conditions as a result of the administrative fee increase. We are merely trying to cover existing staff and program expenses to provide continuous project management services through the completion of each project.

Art Enrichment Program Annual Budget Statistics

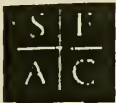
1995 Revenue transferred to Art Commission: \$1,132,827
(This amount does not include all monies allocated and expended for public art work. Some of the art monies remain within the project agencies construction budget if the artwork is to be constructed as part of the overall building project. for example, a portion of the Civic Center Court House art enrichment allocation remained with DPW for works to be executed by the General contractor for the Court House. The same was true for the Promenade Ribbon sculpture along the North and South Embarcadero, which was executed as part of the Embarcadero Roadway contract. This accounts for approximately \$250,000 in 1995, which coupled with Although this money was received in 1995, it may be spent over the course of the next 3 to 5 years, depending upon the scheduled completion date of the construction project.

1995 Work Order expenditures are not yet available until a complete reconciliation with the new On Line Famis system has been completed.

1994 Receipts: \$1,013,106

1994 Work Order Expenditures: \$1,287,433

1994 Payroll and Operating: Approximately \$260,000



SAN FRANCISCO ART COMMISSION

Fax Cover Sheet

PROGRAMS

CIVIC ART COLLECTION
CIVIC DESIGN REVIEW
COMMUNITY ARTS
& EDUCATION
CULTURAL EQUITY GRANTS
GALLERY
POPS SYMPHONY CONCERTS
PUBLIC ART

STREET ARTISTS LICENSES
SUITE 70
415.252.2581

DATE: April 19, 1995
TO: Ken Bruce
FAX: 252-0461
FROM: Richard Newirth, Director of Cultural Affairs
RE: Budget Analyst Report
CC: Harvey Rose, Barbara Kaufman

Mr. Bruce:

I have the following comments regarding your draft memo concerning the proposed amendments to the Art Enrichment Ordinance.

1. You specifically say that Capital Project Managers in participating departments control expenditure of art enrichment funds. I, therefore, find it curious that, instead of first asking this department or speaking with the Capital Project Managers at the affected departments, you chose to call other individuals in these departments and go on to state that they have concerns about this. We provided you with the names and numbers of those individuals with whom we consulted, but you chose not to consult them. Ironically, the individuals we consulted with are the Capital Project Managers in those departments.
2. You say that we are unable to provide you with current funding and expenses. We are working on it, but this was just requested **Wednesday evening**, as was a projection of new projects, as was a projection of administrative expenses. Similarly, you state that we are unable to provide you with an estimate of the overall impact, yet you "believe" that "greatly expanding the total number of capital projects..." will increase art enrichment funds. I am curious how you determined that the number of projects would be greatly expanded. We consulted with the Recreation and Parks Department and MUNI. We discovered that there are no upcoming Rec and Park projects that would be eligible and either one or two MUNI projects over the next several years. It is interesting that we must provide you with hard data, and you can surmise with no facts substantiating your position.
3. While you may not as yet have it in writing, it has been explained to a member of your staff, and a memo is being prepared that explains that the actual administrative costs of the program run approximately 20%. Your choice of wording about a 300% increase in funding for administration is totally misleading.
4. I, as well as Supervisor Kaufman, do not believe that there is any need to have this ordinance reviewed by the CIAC. Again, I find it disconcerting that you chose to send this to Steve Nelson without first informing us. In fact, you have never called either myself or Jill Manton in my department with a single question about this ordinance but have found time to consult with many other parties, some of whom have no involvement whatsoever in this program, and then intimate that the Art Commission is uncooperative and unable to justify its arguments.



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Item 11 - File 101-95-48.1

Department: Art Commission

Item: Hearing to consider the release of reserved funds, in the amount of \$24,825, for emergency roof repair at the Bayview Opera House.

Amount: \$24,825

Source of Funds: Reserve for Art Commission
Cultural Centers \$197,448

Description: In February of 1996, the Board of Supervisors approved an ordinance appropriating \$201,348 to the Art Commission for various facilities maintenance improvements, and reserved an amount of \$197,448 pending the selection of contractors, the MBE/WBE status of the contractors, and submission of contract cost details (File 101-95-48).

Of the total reserved amount of \$197,448, the Art Commission is now requesting the release of \$24,825 for the emergency repair of the roof at the Bayview Opera House, resulting in a balance of \$172,623 of reserved funds. The Art Commission selected Garrison Roofing & General Construction Co., Inc., as the only bid received, through an informal solicitation process. Ms. Liz Lerma of the Art Commission advises that the emergency repair of the Bayview Opera House's roof is essential because every time it rains, the roof leaks onto the floors, hallways and stairways of the building. Section 6.28 of the Administrative Code authorizes department heads to approve construction contracts under \$50,000 after obtaining not less than three bids through an informal solicitation process. Ms. Lerma advises that the Art Commission only requested bid estimates from the two firms of Wong Roofing, and Garrison Roofing & General Construction Co., Inc. due to a misunderstanding regarding Section 6.28 of the Administrative Code. Ms. Lerma advises that of the two bids received, Garrison Roofing & General Construction Co., Inc. was selected based on their submission of the only bid that included the entire scope of requested repair services. Garrison Roofing & General Construction Co., Inc. is an MBE firm.

Comment: The Attachment, provided by the Art Commission, is a copy of the bid submitted by Garrison Roofing & General Construction Co., Inc.

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Memo to Budget Committee
April 24, 1996

Recommendation: Approval of the requested release of reserved funds, in the amount of \$24,825, is a policy matter for the Board of Supervisors because the Department only requested two of the three bid estimates required by Section 6.28 of the Administrative Code.

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1707 Yosemite Avenue
P.O. Box 24368
San Francisco, CA 94124
Telephone: (415) 822-1090
LIC. NO. B303715

Contractors are required by law to be licensed and regulated by the Contractor's State License Board. Any questions concerning a contractor may be referred to the registrar of the board whose address is: Contractor's State License Board, 1020 N Street, Sacramento, CA 95814.

FILE NO. _____

SUBMITTED TO VIEW HUNTER'S POINT OPERA HOUSE C/O JENNIFER COOK 05 3rd St. STATE AND ZIP CODE San Francisco, Ca. 94124		PHONE 824-0386 JOB NAME	DATE March 12, 1996
DATE OF PLANS CONTINGENT		JOB PHONE	

hereby submit specifications and estimates for A COMPLETE TEAR-OFF & RE-ROOF: COMBINATION SHINGLE AND
-ROOF FOR ASPHALT SHINGLE / GLASS SHINGLE / MODERN-EDGE / WOODEN SHAKES; WHICH INCLUDES: T/G.
 I smooth roof surface by removing and/or replacing any foreign substance on roof deck. Customer's choice of color.
 I use one (1) 28 pound felt under-lay ~~XXXXXX~~ to ensure smooth roof surface.
 I use flashing where necessary. Valley area - Will use : Torch-Down(Granulated)
 I use Irish flex and plastic cement around all pipes, vents, stacks and chimneys.
 I clean all gutters.
 I keep ground and work areas clean and neat.
 I make final inspection, remove all equipment from roof.

Will use a (GS) Fire-Halt shingle with a (30)# felt underneath
TAR & GRAVEL ROOF: Will apply one layer of #30 pound felt base sheet
 Will apply two layers of # 11 fiberglass ply with hot
 asphalt between each layer, completely sealed.
 Will flood coat roof surface with hot asphalt & embed
 approximately two pounds of gravel per s/f.

Contract Price: (\$ 24,825.00) TWENTY FOUR THOUSAND EIGHT HUNDRED TWENTY FIVE Dollars.

Owner to pay for necessary permits and fees. Unless otherwise agreed, the above price shall become due and payable upon completion of work, and thereafter shall bear interest at the rate of one and one-half percent (1½%) per month. If not so paid and legal action becomes necessary to collect, the undersigned agrees to pay attorney's fees, interest, and damages and costs to be allowed by the court.

Right to Rescind: Contractor retains the right to rescind this agreement in writing for any reason within three business days from the date of execution hereof. (The owner may cancel, in writing, this agreement anytime prior to midnight of the third business day after the date of this agreement.)

Notice to Owner: Under the Mechanics' Lien Law (California Code of Civil Procedure, Section 1181 et seq.), any contractor, sub-contractor, laborer, supplier or other person who helps to improve your property but is not paid for his work or supplies, has a right to enforce a claim against your property. This means that after a court hearing, your property could be sold by a court officer and the proceeds of the sale used to satisfy the indebtedness. This can happen even if you have paid your own contractor in full, if the sub-contractor, laborer, or supplier remains unpaid.

CONTRACTORS ARE REQUIRED BY LAW TO BE LICENSED AND REGULATED BY THE CONTRACTORS' STATE LICENSE BOARD. ANY QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED TO THE REGISTRAR OF THE BOARD WHOSE ADDRESS IS: CONTRACTORS' STATE LICENSE BOARD - 1020 N STREET, SACRAMENTO, CALIFORNIA 95814.

Owner hereby accepts this proposal and the Contractor agrees to perform the work per the terms and conditions set forth herein. This proposal is given for acceptance within 10 days.

Signed: _____ Contractor: Ron Garrison
 Date of Acceptance: _____ Estimator, Ron Garrison
 Date: 3-12-96

WARRANTY AND DRY ROT WORK AND HIDDEN CONDITIONS: Contractor shall not be obligated to perform any work to correct damage caused by termites or dry rot or hidden conditions unless expressly included in the written specification. Any such work shall be an extra charge.

POUNDING OR COLLECTION OF WATER: Contractor is not responsible for correcting existing roof surfaces to eliminate ponding or collection of water unless included in the contract terms. Normal reroofing procedures may result in ponding of water due to pre-existing conditions. Contractor is not responsible for preventing or correcting such conditions unless specified herein.

MOVING OR MOVING OF EQUIPMENT: Owner shall be responsible for and agrees to move, raise, or lift and replace all objects, including but not limited to, conduits, signs, skylights, air conditioners, etc., in order to properly apply the roof.

PROTECTION OF PROPERTY: Owner agrees to remove or to protect all personal property inside and out and Contractor shall not be held responsible for damage to or loss of such.

INSURANCE: Contractor shall carry Workers' Compensation Insurance on all employees and Public Liability and Property Damage Insurance.

Item 12 - File 100-95-1.5

Department: Department of Public Works (DPW)

Item: Release of reserved funds in the amount of \$57,000 to pay for contractual services.

Amount: \$57,000

Source of Funds: Previously Appropriated Non-General Fund Reserved Monies

Description: During the FY 1995-96 budget process, the Board of Supervisors placed a total of \$105,000 on reserve, designated for three separate consultant contracts. One of these three consultant contracts was for the development of Computer Aided Design and Drafting (CADD) standards for the DPW's Bureau of Engineering. The purpose of the CADD standards is to ensure that engineering designs be done in a systematic, logical, uniform, and consistent manner throughout an organization that consists of diverse engineering disciplines (e. g., civil engineers, mechanical engineers etc.). The \$105,000 was placed on reserve, pending the DPW's selection of contractors and the submission of the MBE/WBE status of the contractors and contract costs details.

The DPW advises that through the DPW's Request for Proposal (RFP) process, the DPW has selected the consulting firm of Technical Publications, a WBE firm, to provide the necessary services. According to the DPW, Technical Publications was selected because their proposal most closely met the criteria specified by the DPW in the RFP. Technical Publications' estimated total amount to provide the proposed services is \$57,000. The other five firms which submitted proposals, and the amounts of the proposals, are as follows:

<u>Name of Firms</u>	<u>Amount of Proposal</u>	<u>MBE/WBE</u>
Design With CADD	\$58,960	MBE
Support Solutions	\$53,865	No
Pyramid	\$49,572	No
John J. McMullen	\$49,019.84	No
Geotopo	\$46,880	No

The tasks to be performed by Technical Publications are as follows:

(1) Basic Drawing Set-Up - this category includes the development of project directories, a file naming schematic,

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prototype drawings, and scale factor for text, dimensions, symbols and linetype.

(2) Object Standards - this category involves the identification of all of the drawing objects which need to be standardized to promote greater drawing compatibility (e.g., text, linetypes, symbols, dimension variables).

(3) Procedural Standards - this category includes the "how to" component of CADD standards, which involves defining and communicating the appropriate use of basic computer aided design commands and features.

(4) Drawing/Standards Management - this category covers general issues pertaining to successful management of the CADD drawing database, the maintenance of CADD standards, and applying CADD standards to existing drawings.

Technical Publications' hourly rates range from \$20 per/hour for office support services to \$65 per/hour for database programming services. The \$57,000 contract amount was based on 950 hours, at an average hourly rate of \$60.

Recommendation: Approve the proposed release of reserved funds in the amount of \$57,000.

Items 13, 14, 15, and 16 - Files 101-92-3.4, 101-92-72.5, 101-94-22.1, and 101-94-40.2

Department: San Francisco Fire Department (SFFD)
Department of Public Works (DPW)

Item: Item 13 - File 101-92-3.4 Hearing to consider release of reserved funds, Department of Public Works (1989 Earthquake Safety Bond Program) in the amount of \$1,669,000 for the purpose of funding the construction contract at Pump Station No. 1/Fire Department Headquarters building.

Item 14 - File 101-92-72.5 Hearing to consider release of reserved funds, Department of Public Works (1989 Earthquake Safety Bond Program) in the amount of \$3,620,848, for the purpose of funding the construction contract at Pump Station No. 1/Fire Department Headquarters building.

Item 15 - File 101-94-22.1 Hearing to consider release of reserved funds, Department of Public Works (1989 Earthquake Safety Bond Program) in the amount of \$1,507,000, for the purpose of funding the construction contract at Pump Station No. 1/Fire Department Headquarters building.

Item 16 - File 101-94-40.2 Hearing to consider release of reserved funds, Department of Public Works (1992 Proposition C, Fire Department Improvement Bond Program) in the amount of \$2,270,000 for the purpose of funding the construction contract at Pump Station No. 1/Fire Department Headquarters building.

Amount: \$9,066,848

Source of Funds: 1989 Earthquake Safety Bond Program reserved funds (\$6,796,848), and 1992 Fire Department Improvement Bond Program reserved funds (\$2,270,000).

Description: The total funds which are requested for release from reserve amount to \$9,066,848. This amount, together with \$1,391,290 in previously appropriated bond funds and grant funds, for an overall project cost of \$10,458,138, will be used to fund the renovation of the Fire Department facility located at 698 Second Street.

The facility at 698 Second Street previously housed Pump Station No. 1, which is equipped to pump water from dedicated water mains under San Francisco Bay for the SFFD's emergency water supply system, and facilities for the

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Fire Department's fire prevention staff. As part of the renovation project, Pump Station No. 1 is being converted from steam power to electrical power, and the large steam boilers which had provided power for the pump station and which occupied the majority of the structure at 698 Second Street will be removed. Following the renovation, this facility will serve the dual functions of Pump Station No. 1, and Fire Department Headquarters. The Fire Department Headquarters Building now at 260 Golden Gate Avenue will be vacated. Fire Department Headquarters staff including the administrative, human resources, training, engineering, code enforcement, fire prevention, and inspection personnel now located at 260 Golden Gate Avenue and at 698 Second Street will be consolidated into the new Fire Department Headquarters. A final recommendation has not yet been made on the disposition of the facility at 260 Golden Gate Avenue (the building at this location is owned by the City, and the land is owned by the San Francisco Unified School District).

The scope of work for the Pump Station No. 1/Fire Department Headquarters project includes seismic reinforcement of the building, asbestos abatement and lead paint abatement, and construction of three entirely new floors inside the existing structure of Pump Station No. 1, including new mechanical and electrical systems. Fire Department Headquarters will occupy the three new floors, totaling approximately 38,000 square feet, with office space which will be occupied by approximately 140 staff, providing approximately 271 square feet per person. The pump station will continue to occupy the basement of the structure, and will also include 19 parking spaces, totaling approximately 11,000 square feet.

Funds for this project are available from three appropriation requests of 1989 Earthquake Safety Program Bond funds and one appropriation request of 1992 Fire Department Improvement Program Bond funds which were previously approved by the Board of Supervisors, with funds placed on reserve pending the selection of contractors and finalization of cost details.

The Department of Public Works conducted a competitive bidding process for the contract for renovation of Pump Station No. 1, and has awarded the contract to the low bidder, Barnes/LTM, a Joint Venture, with a bid amount of \$6,888,000. LTM is a City-certified MBE. The list of bidders for this contract, with their bid amounts and MBE/WBE/LBE status, is included in Attachment I.

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Budget:

The overall project budget is shown below. Further details of each item are shown in Attachment II, as provided by the Department of Public Works.

Construction Contract	\$6,888,000	
Construction Contingency (12.7% of construction contract)	876,560	
Telecommunications	300,000	
Asbestos Abatement	<u>183,000</u>	
Construction Sub-total		8,247,560
Project Management & Planning		89,850
Design (9.91% of construction cost)		817,666
Miscellaneous		362,174
Construction Administration, Testing, Inspection		<u>940,888</u>
TOTAL		\$10,458,138

Comment:

The following specific explanations refer to individual items listed in Attachment II;

- Item 1, Project Management, in the amount of \$55,000 and Item 2, Programming and Planning, in the amount of \$34,850 represent DPW staff costs. Attachment III, provided by the DPW, lists the City staff, hours, and hourly rates which are included in these items.
- Item 4, Agency Approval, lists fees related to the Pump Station No. 1 project which are to be paid to various City agencies including the Bureau of Building Inspection (BBI), the Department of City Planning, and the DPW's Bureau of Street Use and Mapping. In each case, the fees shown are based on that City Department's existing, approved fee schedule for the permits and reviews which are required for this project.
- Item 5, Miscellaneous, includes expenses related to the cost of temporarily relocating 19 Fire Department headquarters staff (fire prevention personnel) from Pump Station No. 1 to temporary office space at 966 Amador Street at Pier 90, which is owned by the San Francisco Port Authority. A portion of the bond funds will be used to lease a total of 2,400 square feet from the Port Authority for the period June 1993 through June 1998 (60 months) for a lease cost of \$107,955, and to pay for improvements to the space at a cost of \$6,821. The average monthly rate of the lease is \$1,770 (74¢ per square foot per month), and the space will provide approximately 126 square feet per employee. The total estimated cost of the relocation is \$114,776 (\$6,821 plus \$81,555 in initial lease payments, plus \$26,400 in extended lease payments). The remaining approximately 121 (140 less

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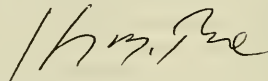
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19) Fire Department Headquarters staff will remain at their current location at 260 Golden Gate Avenue until the offices at 698 Second Street are completed.

- Item 6, Construction, includes an amount of \$300,000 for Telecommunications. This item represents the cost of purchasing, wiring and installing a telephone/voice mail system for the building, which will be performed by City staff of the Department of Electricity and Telecommunications (DET). Details of this expenditure, including the hours and hourly rates of City staff, are shown in Attachment IV, as provided by DET and the SFFD.

- Item 7, Construction Support Services, includes DPW staff costs in the amounts of \$161,910 for construction administration and \$621,600 for construction management and inspection. Attachment V, provided by the DPW, lists the City staff, hours, and hourly rates which are included in these items.

Recommendation: Approve the release of reserved funds as requested.



Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

SPECIFICATION No.

522

TITLE:

San Francisco Fire Department
Headquarters at Pump Station No. 1
698 Second Street

BIDS RECEIVED:

February 14, 1996

BIDDERS:

		<u>Base Bid</u>
Barnes/LTM a Joint Venture	MBE/LBE/JV10%	6,888,000
BDM Construction Co., Inc.	No Pref	7,066,000
West Bay Builders Inc./D. Stewart Thompson, Inc. a JV	MBE/LBE/JV10%	7,070,000
Amoroso-Marinship Construction a Joint Venture	JV10%	7,118,000
Dennis J. Amoroso /Trico Construction a JV	MBE/LBE/JV10%	7,330,000
Lem Construction, Inc.	MBE/LBE	7,449,000
C.M. Transworld JV	MBE/LBE/JV10%	7,492,028
Nibbi Tom, JV	MBE/LBE/JV10%	7,711,000
A. Ruiz Construction Co. & Assoc., Inc.	MBE/LBE	8,855,433
Average Bid:		7,442,162
Architect's Estimate:		7,170,000
% Architect's Estimate:		104%

APPARENT LOW BIDDER:

Barnes/LTM a Joint Venture
449-10th Street
San Francisco, CA 94104

Tel. (415) 552-7070

SUBCONTRACTORS:

John Thomas	Demolition	124,000
CSP	Asbestos	No Amount
Dees Hennessy	Shortcrete	140,000
C & S Ironworks	Struct Steel	951,000
Precision	Int. Arch Work	85,000
Andy's	Roofing	49,000
Cherokee	Glazing	171,000
North Bay	Drywall	440,000
American Terrazzo	Terrazzo	149,000
Precision	Acoustical	87,000
Corklin	Carpet	101,000
Thompson	Epoxy Flooring	27,000
Holsinger	Seating	45,000
A & B	Painting	125,000
National	Elevator	49,000
Kent Lim	HVAC	781,000
Far East	Plumbing	278,000
COSCO	Fire Protect	110,000
Thunder Electric	Electric	725,000
CST	Lead Abate	157,000
Alamillo	Reinforce Steel	142,000
Sunshine	Shoring	76,000
Rescom	Insulation	29,000
Metal Deck Specialties	Steel Deck	194,000

Mike Pierron
Ann Branston
Todd Cockburn
Joe CheungNorm Karasick
Minda Tan
Mary StarkweatherDon Eng
DPW Accounting
Helen Lui

Ssl

14 Feb-96

PROJECT COST SUMMARY

SFFD Headquarters

Location:698 Second Street

Description of project

Construction of 3 new floors inside the existing envelope of Pump Station 1 complete with new mechanical and electrical systems.Work also includes asbestos and lead paint abatement.

The facility will serve the dual function of Fire Department Headquarters and pump station.

Total project cost: \$10,458,138 Estimated date of completion:December,1997

Fund source

ESP1	previously released funds		1,363,535	
	PUC grant		27,755	
		Subtotal		1,391,290
ESP1	release of reserve	5228A	3,620,848	
	release of reserve	5227A	1,669,000	
	release of reserve	5484A	1,507,000	
Prop C	release of reserve		2,270,000	
		Subtotal		9,066,848
	Total			10,458,138

Budget Details

	Design & Pre-construction costs			Subtotal
1	Project management	55,000		55,000
2	Programming/planning	34,850		34,850
3	A/E design			
	Architectural design (DPW/BOA)	392,170	4.75%	
	Preservation arch. (consultant-M.Willis)	9,990	0.12%	
	Structural consultant-Culley assoc.	192,500	2.33%	
	M/E consultant - Takahashi Consulting Engr.	165,925	2.01%	
	CADD service-Joe Chow & Assoc.	34,151	0.41%	
	Geotech. consultant - Harding Lawson Assoc.	15,000	0.18%	
	Asbestos work (DPW/SAR)	7,930	0.10%	
	Subtotal		9.91%	817,666

Note; % of A/E fees is based on construction cost

4	Agency approval			
	BBI-plan check/permit	61,448		
	DCP-Landmark Board approval	17,148		
	DCP-EIR	13,667		
	DCP-Master plan	17,840		
	DCP- st. legislation	200		
	BSM-mapping	1,500		
	BSM-St. improvement	1,000		
	BSM-St. use management	326		
	Subtotal			113,129

5 Miscellaneous

Cost estimate - Adamson Assoc.	15,600	
Cost estimate - Don Todd Assoc.	10,650	
Peer review-Joe Chow & Assoc.	12,500	
Planning & control - BOE	1,000	
Peer review - DPW/BOE	14,000	
Contract preparation	7,000	
Survey - BCM	3,600	
Dept. of Electricity	7,752	
SFFD -computer lease	6,912	
Real Estate	8,500	
Relocation- SF Port Authority-fitting out	6,821	
Relocation-SF Port Authority-lease	81,555	
Relocation-estimate lease extension thru 6/98	26,400	
Public Affair-estiamte	35,000	
Design reserve	11,755	
Subtotal		249,045

Total design & miscellaneous costs. **1,269,690**

6 Construction

Construction contract	6,888,000	
Construction contingency	876,560	
Telecommunication	300,000	
Asbestos abatement in phase 1	183,000	
Subtotal		8,247,560

7 Construction support service

Construction administration	161,910	1.96%	
Construction management & inspection	621,600	7.54%	
Asbestos monitoring	64,378	0.78%	
Testing	93,000	1.13%	
Subtotal		11.41%	940,888

Note: % of construction support services fees are based on construction cost

8 Total Project cost (Items 1 to 7) **10,458,138**

Budget Summary

Construction	6,888,000
Construction w/ contingency @12.7%	876,560
Telecom	300,000
Asbestos abatement (phase 1)	183,000
PP/PM	89,850
Design	817,666
Misc	362,174
Cm/testing/AD	940,888
Total	10,458,138

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PROJECT COST SUMMARY-Additional information
SFFD Headquarters

Project management cost breakdown

	Hourly rates		Hours	Cost
Project manager	5504	81	679	\$55,000
Total project management cost				\$55,000

Programming & planning cost breakdown

	Hourly rates		Hours	Cost
Project architect	5268	73.88	236	\$17,425
Assoc. architect	5265	56.21	310	\$17,425
Total programming & planning				\$34,850

City and County of San Francisco

DEPARTMENT OF ELECTRICITY
AND TELECOMMUNICATIONS



Office of the General Manager
H. DANIEL McFARLAND

101 Rankin Street
San Francisco, California 94124
(415) 550-2720

April 17, 1996

Through: H. Daniel McFarland, General Manager

Jim Lynch, Assistant Chief
Fire Department
1415 Evans
San Francisco, CA

Dear Jim,

A proposal to provide a PBX for the new Fire Department Headquarters Building at 698 Townsend was submitted December 1993. Included in that pricing were provisions for 132 telephones, a mixture of Multi-line and single line sets, UPS for 15 minutes (to absorb a surge from the onsite generator and provide clean power), Direct in Dial, T1 Hi-Cap tie line to Turk Street providing user transparency (both locations will appear as one), integrated Voice Mail, Paging equipped with 63 speakers and a Call Accounting device on site. The pricing breakdown follows:

<u>SERVICE</u>	<u>INSTALLATION</u>
AT&T Deinity G3i PBX	\$236,126
Wiring - Labor (DET)	37,696
Wiring - Materials (DET)	19,370
PACIFIC BELL FACILITIES (Installation):	
DID Trunks (24)	1,680
DOD Trunks (24)	1,680
HiCap tie line	2,648
DID Number banks (200)	800
Total	\$300,000

The number of hours estimated for the DET technicians to wire the building and the paging system is 496 @ \$76.00 / hour. You will notice that the DET figure has changed from the original proposal as DET rates changed during the 3 year period that has lapsed since the proposal.

Again, this is a budgetary figure proposed in 1993. AT&T pricing has most likely increased.

If you have any questions please feel free to call me at 550-2727. If I can be of any further help please don't hesitate to call.

Sincerely,

Carolyn Haynes, Analyst
Telecommunications Division

cc: N. Lillegard
F. Weiner

Construction administration	For 21 months i.e.91 weeks			Cost
		Hourly rates	Hours	
Project manager	5504	81.00	728.00	58,968
Assoc. arch	5266	55.00	1,456.00	94,640
Secretary	1450	45.42	182.75	8,302
Subtotal				161,910

Construction Support services	for 21 months			Cost	
		Hourly rates	Hours		
Resident engineer		72.63	3,080	223,700	
Supervising Engineer		99.00	288	28,520	
Inspector		66.00	2,800	184,800	
Administrative support		55.00	2,336	128,480	
Secretary		33.00	791	26,100	
Prevailing Wages checking				30,000	lump sum
Subtotal				621,600	

MINUTES

DOCUMENTS DEPT.

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

AUG 27 1996

SAN FRANCISCO
PUBLIC LIBRARY

WEDNESDAY, MAY 1, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

PRESENT: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

ACTING CLERK: MARY L. RED

TIME MEETING CONVENED 1:00 P.M.

HEARINGS

1. File 200-96-3. [Unreinforced Masonry Retrofit Program] Hearing to consider the status of the Unreinforced Masonry Retrofit Program. (Supervisor Hsieh)

SPEAKERS: Supervisor Hsieh; Harvey Rose, Budget Analyst; Hanson Tom, Department of Public Works; Supervisor Bierman; Kelley Hayden, CAO's Seismic Program; Tim Carrasco, Seismic Advisory Board; Ted Lakey, City Attorney; Supervisor Kaufman.
Debbie Loman, Employment Consortium; Mathew Star, Community Housing; Kathleen Harrington; Bob Jacobvitz, Exc. Dir., American Institute of Architects; Pious Lee; Stan Smith; Brook Turner, Exc. Dir. Coalition for Better Housing; Bill Wong, Carpenter's Union; Henry Karnilowicz, Ms. Janan New; Robin Snyderman, Mission Housing; Molly Berk; Ralph; John Elberling; Jim Salinas, Local 2336; Calvin Welch.

ACTION: Hearing held. Consideration continued to May 29.

2. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)
(Consideration Continued from 4/24/96)

SPEAKERS: Supervisor Hsieh; Ed Harrington, Controller.

ACTION: Hearing held. Consideration continued to May 8.

3. File 100-96-3. [Budget Status and Projections, State Budget Impact] Hearing to consider the status of San Francisco's budget; the budget projections for 1996-97; three year budget projections and impact of State's budget on San Francisco. (Supervisor Hsieh)
(Consideration Continued from 4/24/96)

SPEAKERS: Supervisor Hsieh; Ed Harrington, Controller.

ACTION: Hearing held. Consideration continued to May 8.

4. File 100-95-15. [Fiscal Impact to City of 1995 Storms] Hearing to consider the fiscal impact to the City of the March and December 1995 storms, including damages to Golden Gate Park, the Conservatory of Flowers and other City parks. (Supervisors Hsieh, Bierman, Kaufman, Migden, Alioto, Leal)
(Consideration Continued from 1/3/96)

SPEAKERS: Harvey Rose, Budget Analyst; Ed Harrington, Controller;
Adm. John Bitoff, Dir. Emergency Services; John Sucich,
Dept. Public Works; Phil Arnold, Asst. Gen. Man. Recreation
and Park; Supervisor Hsieh.

ACTION: Hearing held. FILED.

REGULAR CALENDAR

5. File 251-95-2.1. [Bayshore Hester Assessment District] Resolution ordering changes and modifications to the Engineer's Report, including the assessment roll for the City and County of San Francisco Bayshore Hester Assessment District No. 95-1. (Supervisor Shelley)

SPEAKERS: Supervisor Ammiano.

ACTION: Consideration continued to May 8.

6. File 170-96-2. [Bonds, Bayshore Hester Assessment District] Resolution providing for the issuance of \$1,030,000 principal amount of limited obligation improvement bonds; providing for the approval and execution and delivery by officers of the City and County of a fiscal agent agreement; providing for the appointment of a fiscal agent for the bonds and an assessment administrator; providing for the collection of assessments to pay the principal of and interest on said bonds; approving the notice of sale and preliminary official statement for said bonds; authorizing the execution of said bonds; approving an acquisition and funding agreement and a continuing disclosure agreement; and providing for the execution of documents in connection therewith and ratifying previous actions taken in connection therewith. (Supervisor Shelley)

SPEAKERS: Supervisor Ammiano.

ACTION: Consideration continued to May 8.

VOTE ON ALL ITEMS 3-0.

TIME MEETING ADJOURNED 3:50 P.M.

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Revised

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 26, 1996

TO: Budget Committee

DOCUMENTS SENT

FROM: Budget Analyst *for meeting* APR 30 1996**SUBJECT:** May 1, 1996 Budget Committee MeetingSAN FRANCISCO
PUBLIC LIBRARYItem 1 - File 200-96-3

Item: Hearing to consider the status of the Unreinforced Masonry Buildings (UMBs) Retrofit Program and the UMB Seismic Safety Loan Program.

Description: On November 3, 1992, the San Francisco electorate approved Earthquake Safety Loan Program General Obligation Bonds in the amount of \$350 million to provide funds for the seismic strengthening (retrofitting) of privately-owned Unreinforced Masonry Buildings (UMBs) against earthquakes. In February of 1994, the Board of Supervisors approved the issuance of \$350 million in such General Obligation bonds for the UMB Seismic Safety Loan Program (UMB Loan Program) and authorized the initial sale of \$35 million of these bonds (File 170-94-2). The entire \$35 million was previously appropriated by the Board of Supervisors.

According to Ordinance No. 225-92, approved by the Board of Supervisors, the UMB Retrofit Program requires that UMBs be seismically retrofitted, according to a timeline, based on risk, between August 15, 1996 and February 15, 2006 (see Comment 4 below). The UMB Loan Program is administered by the Office of the Chief Administrative Officer. The UMB Loan Program is responsible for financing the seismic retrofit of UMBs for qualified property owners. The goal of the UMB Loan Program is to facilitate the seismic retrofit of UMBs as

Memo to Budget Committee
May 1, 1996 Budget Committee Meeting

quickly as possible. As of April of 1996, there are 2,101 UMBs in the City, according to the Department of Building Inspection. Of the 2,101 UMBs, 1,507 or 71.73 percent still need to be retrofitted. Of the remaining 594 UMBs or 28.27 percent, 257 have been retrofitted, 249 are exempt from the UMB regulations because they do not fall under the definition of UMBs contained in the ordinance, 58 have been demolished and the owners of 30 of these UMBs have not submitted to the Department of Building Inspection the required building inventory forms which provide information on the description of the building, the building location, the type of proposed retrofit and other related information. According to the Department of Building Inspection, these 30 UMBs will be processed through the City Attorney's Office for legal action due to noncompliance with the UMB ordinance requirements. The Department of Building Inspection is responsible for overseeing, monitoring and enforcing the regulations of the UMBs Retrofit (Seismic Safety) Program.

Comments:

1. Attachment I is a status report on the UMB Loan Program, prepared by Ms. Kelly Hayden, Program Administrator of the UMB Loan Program.

2. Ms. Hayden advises that the UMB Loan Program is fully operational and is capable of processing 60 to 75 UMB loan applications per year with current staffing. For Fiscal Year 1995-96, the UMB program budget, as previously approved by the Board of Supervisors, is \$1,953,344 including three permanent positions. Included in that budget are Professional Services of \$1,200,000 for contract services with Newmark Consultant Group, a financial consultant, which is responsible for review of loan applications, underwriting services, management of loan disbursement and accounting and reporting on loan payments received. Newmark Consultant Group is neither an MBE or a WBE firm. The funding source of this administrative budget is the Seismic Safety Loan Fund from UMB bonds. According to Ms. Hayden, UMB loan applications are reviewed by the Newmark Consultant Group within one week of the receipt of such applications. Ms. Hayden states that the UMB Loan Committee, which is a five-member committee consisting of the Director of the Mayor's Office of Housing, the Program Administrator of the UMB Loan Program, and three persons expert in financial, real estate and construction costs, can take action on the loan applications on the same day that the application has been reviewed by the Loan Committee. Ms. Hayden advises that the fees and points associated with the UMB loans are comparable to those charged by private

BOARD OF SUPERVISORS
BUDGET ANALYST

lenders and that the interest rates are competitive with those of private lenders and fixed over a 20-year term. According to Ms. Hayden, for the first bond series of \$35 million, the UMB loan rate is fixed at 8.5 percent for 20 years for market rate loans. Below market rate loans with an interest rate of 2.5 percent are available for buildings providing affordable housing. Ms. Hayden states that most bank rates are variable and tied to the Prime Rate (currently 8.25 percent) and range from Prime Rate plus 1.2 percent to Prime Rate plus 2.25 percent. According to Ms. Hayden, permanent bank loans on income producing properties typically have 5 to 7 year terms.

3. Out of the total identified 1,507 UMBs, which still need to be retrofitted, as of February, 1996, the UMB Loan Program has mailed approximately 250 loan applications to approximately 250 owners of UMBs. Of the 250 loan applications mailed, 221, or over 88 percent, have not been returned for processing by the building owners. Of the remaining 29 loan applications, 8 have been approved by the UMB Loan Program Committee, 1 has been denied by the Loan Committee, 4 were withdrawn, and 16 applications are still pending. The 8 UMB loans which have been approved were allocated loans ranging from \$225,000 to \$1,950,000. The total overall amount of the eight approved loans to date is \$5,890,000. Attachment I contains the building locations and loan amounts for the 8 approved UMB loans. The total amount for the 16 loan applications which are still pending is \$7,895,000.

4. Ms. Hayden believes that over 88 percent of the loan applications have not been returned to the City due to several factors which have decreased the demand for UMB loans including: (a) the increased availability of private loan funds, (b) the retrofitting of UMBs appears to have proven less costly than had been earlier projected, thereby permitting some building owners to pay cash to seismically strengthen their buildings rather than borrowing funds to do such work (c) some of the City's UMB loan requirements have met with resistance from contractors and building owners (see Attachment II for a list of such requirements) and (d) some owners do not plan to comply with the City's UMB ordinance's requirements until required to do so by the City's designated deadline dates. The UMB ordinance categorizes UMBs into four categories based on level of risk. The compliance deadlines required by the City for UMBs to complete the necessary building retrofit work, by risk category, is as follows: Level 1 Risk - August 15, 1996; Level

2 Risk - February 15, 1998; Level 3 Risk - February 15, 2004;
and Level 4 Risk - February 15, 2006.

5. According to Ms. Hayden, recent events, including a rebounding State economy and the 1994 Los Angeles earthquake, have made private bank loans more readily available for retrofitting buildings. Ms. Hayden advises that the Los Angeles earthquake caused banks to realize that such loans are more secure when the buildings have been retrofitted. Ms. Hayden states that an informal telephone survey of 13 local banks by the UMB Loan Program staff along with discussions with prospective borrowers indicated that banks now often routinely require retrofitting as a condition of making a new building loan or refinancing an existing loan.

6. According to Ms. Hayden, if the current trend continues, owners of UMBs categorized as Level 3 Risk and Level 4 Risk will not comply with UMB ordinance requirements for obtaining the necessary building permits until shortly before the deadlines of February 15, 2002 and February 15, 2004, respectively as contained on the UMB ordinance previously approved by the Board of Supervisors. When all such deadlines have expired, Ms Hayden believes that the UMB loan demand will show increased activity.

2. Attachment III is a report prepared by the Department of Building Inspection, which contains (a) a list of the UMBs which have been identified as of April of 1996, (b) the number of UMBs retrofitted as of April of 1996, (c) the number of UMBs remaining to be retrofitted, (d) the definitions on levels of risk assigned to UMBs and (e) the UMB Retrofit Program implementation schedule.



UNREINFORCED MASONRY BUILDING SEISMIC SAFETY LOAN PROGRAM

WILLIAM L. LEE
Chief Administrative Officer

25 Van Ness Avenue, Suite 720
San Francisco, CA 94102
Phone (415) 554-9891
FAX (415) 554-9897

To: Seismic Safety Retrofit Bond Program and Advisory Board Members

From: Kelly Hayden, Program Administrator

Subject: Status Report on UMB Seismic Safety Loan Program

Date: February 21, 1996

Overview

The goal of the loan program is to facilitate the seismic retrofit of as many unreinforced masonry buildings as possible, as soon as possible. 143 UMBs have been retrofit since the inception of the mandatory strengthening program. Another 121 UMBs were retrofit prior to 1993. 327 UMBs have permits pending or permits issued.¹

The UMB Loan Committee held its first meeting in February 1995. It has approved eight loans, totalling six million dollars. Of the eight loans approved, four have closed. Seismic strengthening was completed on a commercial building in November 1995. Two more projects (one commercial and one affordable housing) are currently under construction and a third will begin in March.²

There is a great deal of retrofit activity throughout San Francisco, especially in Chinatown. Demand for Seismic Safety Loans, however, is much lower than expected. At least two factors help explain this phenomenon. First, most building owners who retrofit now are doing so voluntarily, since the vast majority of buildings are not required to be strengthened until 2004. These owners are more likely to have personal resources to fund the retrofit than owners who wait until the City forces them to strengthen their buildings. Second, the loan program is perceived by owners as too burdensome and costly. Their anxiety regarding contracting and wages and benefit requirements creates a disincentive to proceed with their retrofit ahead of established deadlines.

The Seismic Safety Loan Program (SSLP) has sent out approximately 250 loan applications to

¹ Unreinforced Masonry Building Summary Report for February 1996, Department of Building Inspection.

² See Attachment A, Loan Progress Report

interested building owners. Unfortunately, only twenty or so owners have gone forward with the application process.

Organizational Achievements

The Board of Supervisors passed legislation in February 1994, setting forth the basic frame work of the UMB Seismic Safety Loan Program. Immediately following passage of the legislation, work began on the creation of the One Stop Shop. These efforts included: (1) securing office space; (2) obtaining budgetary and civil service approval for the creation of new staff positions; (3) advertising job openings, creating interview panels and selecting successful candidates; (4) purchasing computer equipment and furniture; (5) drafting Requests for Proposals for Loan Packager, Financial Consultant and Loan Servicer; (6) creating panels to review and rank proposals and interview short-listed proposers; (7) selecting successful proposers; (8) negotiating personal services contracts with proposers; (9) developing office procedures; (10) drafting program regulations; (11) developing loan application and marketing material; (12) drafting program specific loan documents; (13) and selecting members of the UMB Loan Committee.

In addition to internal organizational efforts, we also drafted memoranda of understanding with the Human Rights Commission and the Department of Building Inspection for dedicated contract compliance and plan checking and inspection services. Moreover, we successfully defended a lawsuit brought by organized labor alleging that prevailing wages were required for all work funded by a Seismic Safety Loan.

Staff joined the program in August and September, 1994. The One Stop Shop opened in August 1994. Consultants were selected in October and November, 1994, with contracts finalized in January and February, 1995.

Changing Economic Influences on Loan Demand

Several factors led to a change in the way lenders view seismic strengthening and in their willingness to finance such projects. The Northridge Earthquake, striking Los Angeles and vicinity on January 17, 1994, probably contributed most to this change of heart. Damage to many types of buildings, including UMBs, was significant. Banks quickly realized that seismically strengthening buildings in their portfolios provides them with enhanced security. Many banks now routinely require retrofitting as a condition of making a loan or refinancing an existing one.

The passage of Proposition A in November 1992 also had a positive influence on private lenders. By putting the full faith and credit of the City and County of San Francisco behind the issuance of \$350 million in general obligation bonds, the City signalled that seismic retrofit was not only critically important but also one of the City's primary public policies. Banks could no longer view seismic retrofit as frivolous or an "extra" protection pursued only by a handful of property

owners.³

The actual cost of retrofitting UMBs has proven less costly than projected in early socio-economic studies. Design-build firms that specialize in seismic strengthening have snapped up much of the work. As prices have dropped, building owners who worried that they could not retrofit without obtaining a loan have been able to pay for these costs out of pocket.

Finally, no one could have predicted in 1992, or even in February 1994 for that matter, that California would begin to pull out of recession or that banks would resume making loans on commercial property. The world changed in the years between passage of Proposition A and its implementing legislation and today. The UMB Loan Program must now respond to today's conditions, rather than those that existed four years ago.

Eighteen Month Review

Implementing legislation calls for a comprehensive review of the loan program after eighteen months. The legislation sets forth lending criteria, eligible uses of the bond funds, bidding requirements, contracting and employment requirements and organizational structure. For ease of review, each issue is addressed separately.

Lending Criteria

No applicants have expressed any dissatisfaction with established debt service coverage ratios or loan to value criteria.

Eligible Uses of the Loan Proceeds

The legislation allows financing of 100 percent of the seismic retrofit minimally required by the San Francisco Building Code. Our program does not fund retrofit to the highest level, Section 104(f), unless the applicant can show that this procedure is no more expensive than complying with the General Procedure.

Retrofit to level 104(f) is required only in cases where there is a change in use of the building. 104(f) is often the most expensive level of retrofit. However, it also delivers a higher level of safety. Many UMBs, under their current ownership and use, are barely economically viable. Even those buildings that are viable now may not be if owners take on additional debt to finance a retrofit. Not surprisingly, many loan applicants are retrofitting their buildings as part of a sales or purchase transaction. And many UMB purchasers want to retrofit to 104(f) to have the wider array of building uses available to them.

At present, the program has approved only six million dollars in loans. There is sufficient

³ See Attachment B, Survey of Commercial Banks Lending on UMBs

capacity to increase loan amounts and still meet borrower demand.

Bidding Requirements

Applicants are required to submit three bids, at least one of which must come from a minority or woman owned business enterprise (MBE/WBE) certified by the Human Rights Commission. As protection for owners and to ensure that bids reflect the work necessary to meet code, we require that all three bids be based on the same set of approved drawings. Borrowers are not required to select the lowest bid.

Early on in the program, some applicants said they were having difficulty getting MBE/WBEs to bid on their projects. In response, we sponsored a free contractor orientation workshop and compiled a list of certified MBE/WBEs with seismic retrofit experience who are interested in participating in our program. These outreach efforts have alleviated difficulties applicants may have had in the past.

Contracting and Employment Requirements

Potential borrowers' initial response to these requirements is often unfavorable. Much of their discomfort is due to the fact that the private sector places no similar demands upon them. Many borrowers and contractors also anticipate that there will be burdensome paper work, reporting requirements and unwanted government involvement in their projects.

1. Base Wages

We have not received any complaints regarding the nine dollars per hour base wage requirement. However, it is possible that some apprentices, being paid prevailing wages, would actually receive less than nine dollars per hour. The Seismic Safety Retrofit Bond Program Board may want to clarify whether the nine dollars per hour requirement was intended to apply only in cases where prevailing wages are not paid, or in all cases.

2. Health Insurance for Workers

Many contractors do not provide health insurance to their workers. Contractors have been able to secure health insurance coverage for their employees working on our projects, however. Health insurance is available to small businesses (those with four to fifty employees) through the Health Insurance Plan of California (HIPC). HIPC provides guaranteed issuance and guaranteed premiums for such businesses.

Workers who are paid prevailing wages are often paid a cash benefit to cover the costs of health insurance. It is not uncommon for workers who receive this cash benefit to not actually purchase health insurance. Accordingly, those workers could well be uninsured and reliant on the City's public health system. The Seismic Safety Retrofit Bond Program Board may want to clarify whether the health insurance requirement applies only in cases where prevailing wages are not

paid, or in all cases.

3. Economically Disadvantaged Hire Program

This requirement has met with the most resistance by contractors and owners. Both groups often misperceive this requirement as a "hire the homeless" program. Contractors and owners have expressed concern that these workers are likely to be less well trained and less work ready than a contractor's usual work crew. Accordingly, there is anxiety about the potential for accident and injury and the accompanying increase in liability and worker's compensation insurance costs. Contractors also question the productivity of 25 percent of their workforce since they are unfamiliar with the workers.

Owners report that contractors tell them that project bids will increase by 25 percent if an owner uses our loan program. Potentially higher construction costs, coupled with contractor opposition to the Economically Disadvantaged Hire Program, makes it very difficult to market our loan program.

Several large public works projects have begun in the Civic Center since the passage of our implementing legislation. Approximately \$1.2 billion of construction will take place over the next ten years. The most experienced and work ready economically disadvantaged tradespeople are working on these public works projects. It remains to be seen how these competing projects, which pay prevailing wages and offer longer term employment and training opportunities, will affect our program's ability to attract qualified workers.

Actual experience on our first three projects has been mixed.⁴ Twenty-four workers have received employment as a result of this requirement. However, eight workers did not complete their assignments either because they were terminated or they quit. Many of the workers have had problems with work readiness and/or sustaining effort throughout the project. Unfortunately, this has led to significant work absences, in the form of sick or personal leave or no shows.

4. Prevailing Wages

We have approved two loans in excess of \$750,000 (the amount that triggers the payment of prevailing wages). The first loan approved was to retrofit a very large commercial building South of Market. The second loan approved was for a large, residential building in the Mission, owned by a nonprofit housing developer. In the case of the second loan, the borrower received other funds that require the payment of prevailing wages. Receipt of our loan funds, therefore, imposed no additional requirements on this borrower.

In the case of our first loan, the borrower was under no obligation to pay prevailing wages but

⁴ See Attachment C, SREC Workforce Totals

for our requirement. The borrower received non-prevailing wage bids that were up to \$300,000 less than prevailing wages bids. The borrower has not accepted the loan commitment and cited the prevailing wage cost differential as his primary reason for delaying his project.

5. Affirmative Action Hiring Goals

These goals vary from approximately 20% to 62%, depending upon the trade. The goal for laborers, the trade most frequently used in seismic projects, is 61.9% for minorities and 10% for women. The contractor on our first project met the goal for minorities. However, we have met with less success in hiring women. Again, the shortage of experienced tradeswomen is due, in part, to their employment on large public works projects in Civic Center. Our Contract Compliance Officer will continue to work with community based organizations to identify qualified women for employment and interested women for training programs.

Incentives in Place

1. Lending Services

The UMB Seismic Safety Loan Program is fully operational and able to provide personalized service to interested building owners. Complete loan applications can be reviewed by our Financial Consultant in one week. The Loan Committee provide applicants with their approval or denial on the same day of their meeting. Borrowers receive a high level of service, similar to that provided by boutique lending institutions. This service extends to assisting borrowers with draw requests that are made throughout the course of construction.

Points and fees associated with our loans are comparable to those charged by private lenders. Our interest rates are attractive and fixed over a twenty year term. Loans are assumable and there is no prepayment penalty. Loans often include an interest reserve so that borrowers do not have to pay debt service on the loans during construction. Most notably, we will subordinate to other lenders.

2. Expedited Permit Review

We have a Memorandum of Understanding with the Department of Building Inspection for plan checking, inspection, mechanical engineering and clerical services dedicated to the UMB program. The MOU provides that SSLP will pay the difference between DBI revenues and expenditures for this program, up to \$300,000 annually. In the third quarter of our agreement, DBI generated \$1,500 more in revenue than expenditures. If this trend continues, DBI will no longer receive financial support from the SSLP.

DBI agreed to expedite permit review for buildings that are the subject of a loan application. Prospective borrowers have generally been pleased with DBI's prompt plan review and permit issuance.

3. Assistance with Planning for Tenant Accommodation and/or Relocation

Our major organizational challenge stems from the need for tenant protection during seismic retrofit. This issue involves at least three separate departments: the Rent Board, DBI and our office. The role of the Tenant Monitor in our office has been limited to one of education, outreach and coordination among City departments. The Tenant Monitor has no legal authority to stop construction projects or adjudicate disputes between landlords and tenants. Instead, she counsels tenants and landlords about their legal rights and responsibilities and assists them with their relocation planning.

The primary authority for protection of tenants during a seismic retrofit project rests with the Department of Building Inspection. After several years of discussion, DBI issued a code ruling on December 1, 1995, BC-UMB-2, which sets forth the requirements for accommodating tenants during seismic retrofit. DBI agreed to require a pre construction meeting between owners, tenants, design professionals and City staff for all occupied residential UMBs. These meetings enable tenants to get their questions answered and foster communication between all the parties who will be at the project site.

To date, the Tenant Monitor has assisted owners and/or tenants of fifty-nine buildings. She has also corresponded with 104 building owners regarding their responsibilities to tenants during upcoming construction projects. Lastly, she has actively participated in seven pre construction meetings since the adoption of DBI's code ruling.

4. Simplified Contract Compliance Procedures

Our Contract Compliance Officer is available to meet with contractors, the SREC and its member agencies and colleagues in other City departments to publicize contracting and employment opportunities. He convenes pre construction conferences to ensure that all project participants understand their hiring and wages and benefits obligations. He visits job sites and reviews monthly payroll reports to ensure that contractors are in compliance with our requirements before any loan funds are disbursed.

Conclusion

The infrastructure is in place to handle substantial retrofit activity. DBI has a dedicated staff in place to process building permit applications for UMBs. The Seismic Safety Loan Program is up and running and capable of processing 60 to 75 applications per year with current staffing. Unfortunately, demand for our loan money is much lower than we originally anticipated.

Building owners do not appear to view the loan program as an incentive for early compliance. If the current trend continues, many owners will wait out their timelines. Loan demand, then, would not be expected to increase until the year 2002 or so.

To the extent that the Program Board wishes to see UMBs retrofit ahead of mandated timelines,

the loan program must be made less burdensome (and, therefore, less costly) or additional incentives must be identified.

LOAN PROGRESS REPORT

LOANS APPROVED					CURRENT STATUS
PROPERTY ADDRESS	PROPERTY TYPE	DATE	LOAN TYPE/AMOUNT		
821 Leavenworth St.	Residential	2/29/95	Below Market Rate \$287,500	Loan not accepted. Building put up for sale.	
700 - 7th Street Baker Hamilton Bldg.	Commercial	2/29/95	Commercial \$1,950,000	Loan not accepted. Prevailing wage bids were cost prohibitive. Plans revised 1/96 to reduce scope of work. May re-apply	
601-609 Mission St	Commercial	5/31/95	Commercial \$585,000	Loan closed in November 1995 and construction began in December 1995.	
425 Bush Street	Commercial	7/25/95	Commercial \$365,000	Construction completed in November. Building was sold and UMB loan was assumed by new buyer.	
		10/24/95	Commercial \$365,000	Buyer of property approved for loan assumption. Purchase of building & assumption of loan concluded in November 1995.	
3040-3052 16th St.	Residential (SRO) Non-profit	8/15/95	Below Market Rate \$1,825,000	Construction commenced October 1995.	
1111 New Montgomery	Commercial	10/24/95	Market Rate \$287,500	Loan not accepted. Obtained a conventional loan from Pacific Bank. Cheaper, easier to access and no contracting requirements	
901-905 Columbus Av	Residential	12/1/95	Below Market Rate \$225,000	Loan in closing phase. To close in February 1996.	
LOANS DECLINED					
27 Monroe Street	Residential (SRO)	8/29/95	Market Rate \$111,500	Loan request denied. Borrower is in the process of seeking funds to refinance 1st loan. Intends to re-apply to the Seismic. Safety Loan Program.	

ATTACHMENT A LOAN PROGRESS REPORT

APPLICATIONS WITHDRAWN				
1145 Mission St	Commercial	5/31/95	Market Rate	Borrower withdrew due to unfavorable analysis. Income not sufficient to service debt.
925 Larkin St.	Commercial	7/12/95	Market Rate	Construction bids inflated and varied significantly due to program requirements. To seek bank financing.
301 Pacific	Commercial	1/22/96	Market Rate	Found contracting requirements burdensome. Retrofit completed, financed by Redwood Bank. Cost \$70-80k less.
908 Post Street	SRO	7/17/95	Market Rate	Insufficient income to service debt. Borrower chose to terminate application due to unfavorable analysis. Subsequently financed by Coast Commercial Bank.
APPLICATIONS PENDING				
1207 Bush Street	Commercial	12/1/95	Market Rate	Plans submitted to Department of Building Inspections for approval. Preliminary bids higher than expected.
1091 Mission Street	Residential	11/30/95	Deferred Loan	Application suspended until early '96. To re-submit with new financial projections for the commercial space, in line with the UMB and Tax Credit Allocation Committee requirements.
	SRO		\$1,800,000	
48 - 6th St	SRO	1/18/96	Market Rate	Application delayed pending resolution of tax liens and property tax delinquency.
	Lawrence Hotel		\$250,000	
44 - 5th St	SRO	1/18/95	Market Rate	Same as above
	Oakwood Hotel		\$340,000	
41 Jones St	SRO	7/7/95	Market Rate	Application pending permit issuance
	Boyd Hotel		\$370,000	

2/28/96

LOAN PROGRESS REPORT

74 Turk St	Dahlia Hotel	7/7/95	Market Rate	\$350,000	Same as above
387 Ellis	Mentone Hotel	7/7/95	Market Rate	\$370,000	Same as above
420 Jones St	SRO	7/7/95	Market Rate	\$240,000	Same as above
545 Mission St.	Commercial	10/6/95	Market Rate	\$450,000	Architectural drawings being done. To resume application when plans are approved.
340 Eddy St.	Residential	4/12/95	Deferred Loan	\$2,600,000	Schematic drawing being done. Working with California Housing Partnership to package loan.
414 Jackson St.	Commercial	1/22/96	Market Rate	\$350,000	Borrower waiting to assess ADA requirements.
487 Bryant St.	Commercial	1/22/96	Market Rate	\$200,000	Potential sale of building. Seismic upgrade will depend on outcome of sale.
161 6th St	SRO	5/11/95	Below Market Rate	\$150,000	Other financing obtained. Regulatory agreement was an issue due to long-term restriction
2250 Bush	Commercial (Church)	2/27/95	Market Rate		Applied for timeline extension
451 Pacific Avenue	Commercial	8/4/95	Market Rate	\$250,000	Project was self-financed. 25 % hiring requirement was an issue.
864 Ellis	Residential	7/10/95	Market Rate		Purchase transaction. Application suspended pending resolution of non-conforming use issue with DBI.

**SURVEY OF COMMERCIAL BANKS LENDING ON UMB'S
FEBRUARY, 1996**

Institution	Comments	Transactions
International Bank of California	Will make loans on UMB's. Consider themselves (along with a handful of small, Asian community banks) as one of a very few lenders considering to make such loans. Have approx. 6 UMB loans in portfolio. Been making UMB loans for about 6-7 years. Will require earthquake insurance if the seismic retrofit has not yet been completed (i.e. the Tanrich Building). Will include funds to do seismic rehab. in loan. UMB loans are underwritten "slightly" more conservatively than the bank's typical 65-70% LTV ratio.	<p>1. Made a \$1,800,000 new first to finance \$3,300,000 purchase of 425 Bush St. in 11/95, 7 year term, 20 year amortization, variable at 1.75% over prime rate. Allowed UMB program loan to subordinate.</p> <p>2. Made a \$1,100,000 first to finance \$2,000,000 purchase of 601 Mission St. in 5/92. 5 year term, variable rate at 2.25% over prime. UMB program loan made subordinate to loan in 12/95.</p>
Far East National Bank	Actively considering loans on UMB's. Bank official interviewed under the impression that his bank is "the only one" making loans on UMB. About 10% of the bank's real estate loans are on UMB's. Bank accepts risk as cost of competing for business in its market area. Underwriting focuses on "looking beyond" the real estate collateral, i.e. the strength of the Borrower or Borrower's business. Pricing about 2 to 3% over Prime. Will include funds for seismic rehab. Have been lending on UMB's for about 8 years.	<p>3. Committed to lend about \$400,000 additional interim 5-year fully amortizing loan behind a \$600,000 first (versus \$1.5 million value) to finance seismic rehab of 1040 Bryant St. Borrower is Phillip Gee/United Meats. Loan based on strength of borrower and business relationship. Rate of about P+2%, variable (9.75%)</p> <p>1. Tentatively committed to make 65-70% LTV purchase loan on 414 Jackson Street retail/office project to Claudio Mariani, prospective owner/occupant. A condition of this loan would have been an approx. \$350,000 UMB loan program second to finance the seismic upgrade. Transaction was never consummated.</p>
Bank of the Orient	Making loans on UMB's. Have loans on about 10 UMB's in San Francisco. Underwrite UMB loans on a more conservative basis than other loans, and have gotten "more conservative" on UMB loans in the few years. Generally will focus on land value, with loan not to exceed land value. Also look at building cash flow and loan to value being more conservative than their normal 65% LTV. Typical rate is P + 2%, about 1% higher than for non-UMB loans. Appears to consider making UMB loans an inherent part of doing business in Chinatown and the Tenderloin, which is part of the bank's business area. Have been lending on UMB's for about 7-8 years.	1. Financed acquisition and rehab of Lippo Bank Building on Jackson St.
The Pacific Bank	Will make loans on UMB's on an "exception basis." Major requirement is that the owner have a specific plan in place to complete the upgrade the building. Bank loan officer aware of only 2 UMB's in their portfolio. Underwriting based on value of building (65% to 70% max LTV) and strength of borrower. Bank would be very interested in having City's UMB loan program second go behind their first to do the seismic upgrade work.	<p>1. Made a \$550,000 new first to finance \$735,000 purchase of 111 New Montgomery in 1995. For 5 year term, variable rate of 1.5% over Prime. Borrower was a contractor experienced in seismic rehabs.</p> <p>2. The Pacific Bank offered additional funds in 12/95 to finance the project's seismic rehab "beating out" a \$287,500 UMB program commitment. Although the Pacific Bank loan was more expensive, Borrower took it due to lack of contractor requirements.</p>

Redwood Bank	Will consider making loans on UMB's for the purpose of seismic rehabs. and on fixed-up buildings. Not sure how many UMB's in portfolio. Particularly interested in making loans to businesses, and basing the real estate loan on both the strength of the business and the underlying real estate value.	commercial business loan.
Imperial Thrift and Loan	Thrift institution that makes loans on UMB's following completion of seismic upgrade. Portion of funds may be used to complete upgrade. Real estate oriented lender, limiting loans to about 50-60% LTV on UMB's. Pricing of about P + 3%.	1. Made a \$1,302,528 to Lallanne trusts on 425 Bush St. in 7/92. Rate was 1.25% over Prime. 5 year term, 25 year amortization.
Bank of San Francisco	Bank pulled out of real estate loan market entirely about one year ago.	
First Republic Bank	Was a very well known "player" in the market, making loans on UMB's for many years in both the San Francisco and Los Angeles markets. Have stopped making loans on UMB's due to losses in connection with the Northridge earthquake and other general real estate portfolio problems.	1. Made a \$580,000 loan to finance \$1,100,000 purchase of Lawrence Hotel SRO in 1989. Rate is Prime + 1.75%, variable. % year term due 1/15/95. Bank required compensating deposit balances of 20% of loan balance.
United Savings Bank	Not doing any new commercial real estate loans at this time. Had been in the market previously, reportedly including some UMB's	1. Made a \$430,000 first on 900-908 Post St., Weller Hotel SRO, in 1994. Fully amortizing over 23 year term. Variable at Prime + 2.25%. Borrower applied for a UMB program loan that was not recommended for approval.
Millenium Bank (formerly First Indo American Bank)	Not actively seeking UMB loans, although will consider them if the work is complete, and may possibly consider making a loan providing funds to do rehab. Moving away from the hotel/motel sector because the bank already has a high concentration of loans. Bank has about 3 UMB loans in its portfolio.	1. In 1994, made an approximate \$6,000,000 construction loan to finance seismic upgrade and tenant improvements for 250 Post Street, a UMB formerly occupied by Gump's and pre-leased to Eddie Bauer and Dunhill. Typical bank construction loan, variable over prime. Building had been owned on a free and clear basis, and loan to value was about 25%. Construction loan was taken out by an institutional life insurance company loan after completion.
Coast Commercial Bank	Unable to locate any San Francisco office for this bank, still researching.	1. Made \$1,040,000 loan to finance \$1,900,000 purchase of Lawrence Hotel SRO. Rate is 4.25% over 3-month LIBOR, variable, min. 11.5%, max. 16.5%. Charged 2 points, 10 year term.
Bank of the West	Not making loans on UMB's as a general policy matter.	2. Made a \$525,000 loan in 3/89 on 27 Dashiell Hammett SRO. Rate is 4.0% over 3-month LIBOR, variable, min. 11.875%, max 16.875%, 10 year term. This loan was assumed (along with a second and third making a combined balance of \$712,000) when the property was sold for \$800,000 in 1992.
Continental Savings Bank (taken over by RTC)	Bank no longer exists.	

ATTACHMENT C

SEISMIC RETROFIT EMPLOYMENT CONSORTIUM (SREC) WORKFORCE TOTALS

SREC WORKER SUMMARY

Total number of referrals -----	30
Total number of individuals referred -----	24
2 referrals were from contractor's existing workforce	
2 referrals did not show up for the interviews.	
 Total number of hires -----	 24
Total number who completed job or are still on the job-----	16
Total number terminated-----	6
Total number who quit-----	2
Total number who worked on multiple projects-----	1

Almost all the workers required hours waived.

SREC SUMMARY BY PROJECT

Project	Project Hours	SREC Hours	Total SREC Hrs Worked	Total SREC Hrs. Waived	% Hours Waived
425 Bush ¹	2953	882	707	175	19.8%
3040 - 16th St ²	6935	1645	1246	369	22.4%
609 Mission ³	1100	400	400	0	-
Total	10988	2927	2353	544	18.6%

¹Non-prevailing wage job . Construction completed November 1995

² Prevailing wage job. Project 30% complete to date

³Non-prevailing wage job. Project 30% complete to date

ATTACHMENT - UMB LOAN REQUIREMENTS

Lending Criteria - See attached

Contracting Requirements - Exhibit 1 of loan application is attached

- ☐ Loan applicants must submit 3 bids from contractors, 1 of which must be from a minority or woman-owned enterprise that is certified by the Human Rights Commission.
- ☐ Workers must be paid a minimum of \$9/ hour, plus health insurance.
- ☐ 25% of the workforce must be made up of Economically Disadvantaged persons referred through the Seismic Retrofit Employment Consortium, a group of community based employment organizations.
- ☐ Contractors must use good faith efforts to meet affirmative action goals.
- ☐ Prevailing wages must be paid when the loan is in excess of \$750,000.

CRITERIA

	Maximum Loan to Value	Minimum Debt Service Coverage Ratio
Market Rate Loan	90% or 95%	1.05x or 1.10x
Below Market Rate Loan	90% or 95%	1.05x or 1.10x
Deferred Loan	95%	-

DEFINITIONS:

Loan to Value Ratio = ratio of the outstanding principal balance of all financing secured by the property (including the proposed seismic safety loan) to the appraised market value of the property (including post-retrofit projections).

Debt Service Coverage Ratio = ratio of annual net operating income on the property to the annual sum of payments on obligations secured by the property.

Median income = median income for San Francisco PMSA, adjusted for household size as published by U.S. Department of Housing and Urban Development.

GUIDELINES

Qualifying properties

All existing buildings having one or more bearing walls of unreinforced masonry with the exception of, purely residential UMBs of four (4) or fewer units and buildings which have been brought into full compliance with the requirements of San Francisco building code Section 104(f) in effect on or after May 21, 1973.

What is the maximum loan amount?

The maximum loan amount is determined by the cost of the minimum level of seismic strengthening work required to rehabilitate the subject property, as required by Chapters 14 and 15 of the Building Code, plus a 25% allowance for disabled access/life safety improvements. The loan amount must satisfy the established Loan to Value ratios.

Repayment schedules?

All loans are fixed rate, fully amortized over 20 years. All loans are fully repayable.

EXHIBIT I
ACKNOWLEDGEMENTS OF
CONTRACTOR REQUIREMENTS

Contractors performing work financed in whole or part by a Seismic Safety Loan shall meet the following workforce and wages and benefits requirements:

1. Contractors' bids shall include an Economically Disadvantaged Hiring Plan which contains the total number of labor hours necessary to complete the project, as well as 25% of the total hours that will be performed by Economically Disadvantaged workers;
2. All individuals performing such work shall be paid not less than nine dollars (\$9) per hour, excluding overhead and benefits;
3. For loans over \$750,000, all individuals performing such work shall be paid not less than the highest general prevailing rate of wages;
4. Contractors shall provide health coverage to their employees and their employees' dependents. The cost of employee coverage shall be borne solely by the contractor; provided that the cost of dependent coverage shall be borne by the employee;
5. Contractors shall make good faith efforts to meet affirmative action hiring goals of 10% participation for women and 30-62% participation (depending upon the trade or skill) for minorities; and
6. Any subcontractor of Contractor must comply with Items One (1) through Five (5) stated above.
7. The UMB Seismic Safety Loan Program Contract Compliance Officer(s), through a Work Order with the Human Rights Commission, will monitor and enforce compliance of the above requirements as set forth in the San Francisco Administration Code Chapters 66 and 66A.

Contractors shall also be required to maintain, throughout the term of any contract for work financed in whole or part by a Seismic Safety Loan, insurance and bonds as follows:

1. Workers' Compensation insurance, including Employers' liability with limits not less than \$1,000,000 each accident;
2. Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for Contractual Liability, Personal Injury, Independent Contractors, Explosion, Collapse and Underground (XCU), Broadform Property Damage, Sudden and Accidental Pollution, Products Liability and Completed Operations, naming Owner as additional Insured;
3. Business Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including coverage for owned, non-owned and hired automobiles, as applicable; and,
4. If a requirement of contract between Owner and Contractor, Builders Risk Insurance on an all-risk completed value form, excluding earthquake and flood, with limits equal to the amount of the contracted work, covering damage to new work only, with any deductible not to exceed \$25,000 each loss, naming City as Loss Payee, and including a standard Mortgagee Clause naming the City as Mortgagee. Named insured shall include Owner, City, Contractor and subcontractors of all tiers.

5. For loan amounts of \$100,000 or more, Performance and Labor and Materials bonds in the amount of 100% of each contract for work funded in whole or part by a Seismic Safety Loan, including City as an Obligor as its interests may appear.

Liability policies shall be endorsed to name as additional insureds the City, its Officers, Agents, Employees and Members of Commissions. All policies shall be endorsed to provide the following:

- (a) Thirty (30) days prior written notice of cancellation, non-renewal or reduction in coverage limits to UMB Seismic Safety Loan Program, 25 Van Ness Avenue, Room 720, San Francisco, CA, 94102.
- (b) That such insurance is primary to any other insurance available to the additional insureds with respect to claims under the policy and that insurance applies separately to each insured against whom claim is made or suit is brought, but the inclusion of more than one insured shall not operate to increase the insurer's limit of liability.

Contractor acknowledges that the City will require a 10% retainage on all work and materials until completion of the project, as evidenced by the timely recordation of a notice of completion, expiration of the lien period and the absence of any unreleased mechanic's liens or stop notices, final lien waivers from General Contractor and subcontractors, issuance of a Certificate of Occupancy for the property by the City, if required, issuance of a Contractor and Architect's or Engineer's Certificate of Completion in accordance with the approved Plans and Specifications, and issuance of a certificate signed by the Owner and the Contractor, certifying the final cost of the completed work.

Contractor represents that Contractor is familiar with Section 8.105 of the Charter of the City and Section 87100 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts that would constitute a violation of such provision.

I, _____, acknowledge that I have read and understood the requirements listed above. I agree to abide by these requirements when performing work financed in whole or part by a Seismic Safety Loan. Further, I understand that willful disregard of these requirements will result in my debarment from performing work under the Seismic Safety Loan Program for a period of not less than two years.

Signature

Date

Company Name

Contractor License No.

Expiration Date:



DEPARTMENT OF BUILDING INSPECTION

Attachment III
Page 1 of 7

City & County of San Francisco

1660 Mission Street, San Francisco, California 94103-2414

UNREINFORCED MASONRY BUILDING PROGRAM SUMMARY

1. PURPOSE:

The purpose of this report is to present a summary of information gathered by the Department of Building Inspection (DBI) on the inventory forms filed by UMB owners with the current permit record and present the status on the implementation of the Unreinforced Masonry Building (UMB) program in the City and County of San Francisco.

2. INTRODUCTION:

Senate Bill 547 was adopted by the State Legislature in 1985 and required that cities conduct a survey of all masonry and potentially hazardous buildings. Hazardous buildings are generally those constructed without the benefit of reinforcement in the masonry and are called unreinforced masonry buildings (UMBs). UMBs have been identified as being hazardous in the event of an earthquake and have a strong likelihood of failing, either by the collapse of walls or the entire building.

3. DEVELOPMENT OF UMB INVENTORY LIST:

The City of San Francisco started its survey of UMBs shortly after 1985. The original UMB list was created based on information collected from the City's Sanborn maps and a block by block survey of the City conducted by building inspectors of the Bureau of Building Inspection. Initially, about 2100 buildings were identified as potential UMBs.

In 1992, the Board of Supervisors adopted Ordinance No. 225-92 (also known as UMB ordinance) that requires 1) all owners of UMBs be notified of this potential hazard; 2) all owners retain a licensed Civil, Structural Engineer or Architect to file a building inventory form with the City to identify the risk level of their UMBs; 3) all owners seismically upgrade the buildings per the requirements and time frame identified in Ordinance No. 225-92 as amended by Ordinance No. 210-95. These ordinances have since been adopted to chapters 14 and 15 of the 1992 San Francisco Building Code. The ordinance further requires building owners to report any new UMBs that were not identified by the City.

As of April 1996 there were 2101 buildings in the City's UMB inventory list. Building owners continue to report new UMBs to the Department of Building Inspection as they are identified.

Table 1 contains the UMB program implementation schedule and definitions of risk levels and occupancies.

4. FINDINGS:

Based on information submitted by building owners and permit status records as of April 1996, 1507 of the 2101 buildings on the UMB list (71.73%) have been confirmed as UMBs and remain to be retrofitted. 564 buildings on the list (26.84%) have been abated. These buildings either have been retrofitted, exempted or demolished. 30 buildings (1.43%) of the buildings have not submitted the required building inventory forms. These 30 buildings are being forwarded to the City Attorney's Office for abatement action.

Figure 1 & Table 2 show the current status of the UMB program.

A. DISTRIBUTION OF UMBS BY RISK LEVELS THAT REMAIN TO BE RETROFITTED:

It was found as of April 1996, that 856 UMBS (56.8%) have a risk level of 3 and 448 buildings (29.7%) are risk level 4. 75 UMBS (5.0%) have a risk level of 1 and 128 (8.5%) are risk level 2. The definitions of risk levels are given in Table 1 of this report.

Figure 2 shows the distribution of UMBS by risk levels.

B. ABATED UMBS BY CATEGORIES:

Abated buildings are defined as follows:

1. Buildings strengthened after February 15, 1993 (156 UMBS)
2. Buildings which have been demolished (58UMBS)
3. Buildings strengthened between May 21, 1973 and February 15, 1993 (101UMBS)
4. Buildings with less than five residential units (67UMBS)
5. Non-UMBS (Concrete, Steel and Wood Brick Infill buildings) (167UMBS)
6. Buildings subject to the 1937 Field Act (15UMBS)

Figure 3 shows the distribution of exempt buildings by categories

5. CONCLUSION:

This report is a working document of the City and County of San Francisco. It tracks the status and implementation activities of buildings that are included in the UMB program. This report is mainly based on information provided by engineers or architects of the building owners and the permit status record. The Department of Building Inspection will update and re-issue this report periodically.

**TABLE - 1: UMB PROGRAM IMPLEMENTATION SCHEDULE
AND
DEFINITIONS OF RISK LEVELS AND OCCUPANCIES**

UMB PROGRAM IMPLEMENTATION SCHEDULE
(Reference: Amended Table 14-A, SFBC dated 9-13-94)

Risk Level of Building	Submit Inventory Form to BBI	Apply for Building Permit with Plans or Apply for Demolition	Obtain Building Permit	Complete Structural Alteration
1	Feb. 15, 1994	Feb. 15, 1995	Aug. 15, 1995	Aug. 15, 1996
2	Feb. 15, 1994	Aug. 15, 1995	Feb. 15, 1996	Feb. 15, 1998
3	Feb. 15, 1994	Feb. 15, 2001	Feb. 15, 2002	Feb. 15, 2004
4	Feb. 15, 1994	Feb. 15, 2003	Feb. 15, 2004	Feb. 15, 2006

DEFINITION ON LEVEL OF RISK ASSIGNED
(Ref. SFBC Chapter 14, Sec. 1404)

- Level 1 buildings are buildings containing Occupancy Groups A-1, 2 or 2.1 or E, and those buildings greater than 3 stories in height which are located on poor soil.
- Level 2 buildings are all non-Level 1 buildings which are located on poor soil in the Downtown, North of Market/Civic Center, South of Market Residential and Chinatown UMB Study Areas as delineated on Figure 14-1.
- Level 3 buildings are buildings in the above areas which are not located on poor soil. Buildings located on poor soil outside the above areas are also level 3 buildings.
- Level 4 buildings are all other buildings.

DESCRIPTION OF OCCUPANCY
(Ref. SFBC Table 5-A)

Group	Description of Occupancy
A See also Section 602	1 - Any assembly building or portion of a building with a legitimate stage and an occupant load of 1000 or more in the building
	2 - Any building or portion of a building having an assembly room with an occupant load of less than 1000 and a legitimate stage
	2.1 - Any building or portion of a building having an assembly room with an occupant load of 300 or more without a stage, including such buildings used for educational purposes and not classed as a Group E or Group B, Division 2 Occupancy
	3 - Any building or portion of a building having an assembly room with an occupant load of less than 300 without a legitimate stage, including such buildings used for educational purposes and not classed a Group E or Group B, Division 2 Occupancy
	4 - Stadiums, reviewing stands and amusement park structures not included within other Group A Occupancies
E See also Section 802	1 - Any building used for educational purposes through the 12th grade by 50 or more persons for more than 12 hours per week or four hours in any one day
	2 - Any building used for educational purposes through the 12th grade by less than 50 persons for more than 12 hours per week or four hours in any one day.
	3 - Any building used for day-care purposes for more than six children

BUILDINGS WITH INVENTORY FORMS FILED	1507
BUILDINGS WITH INVENTORY FORMS NOT FILED OR REJECTED	30
ABATED BUILDINGS AND NON-UMB'S	564
TOTAL NUMBER OF BUILDINGS	2101

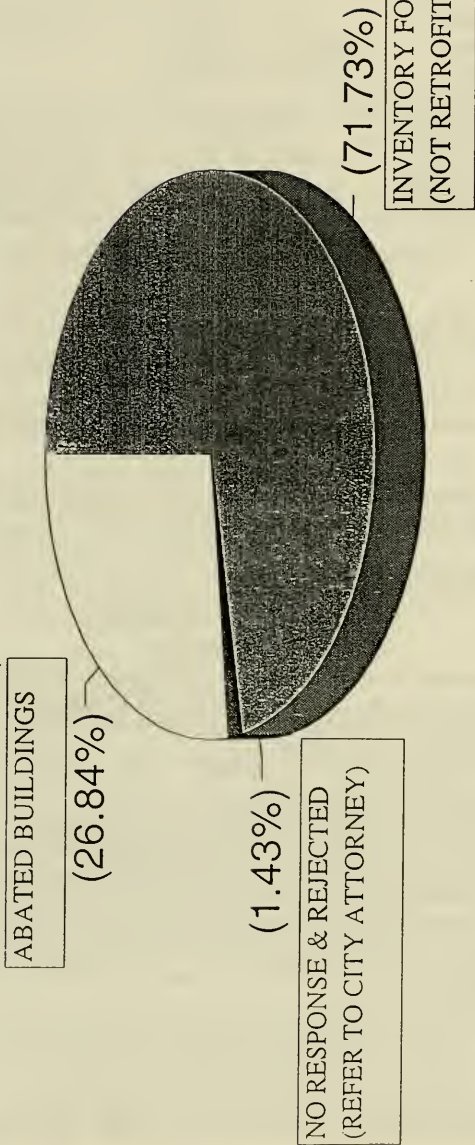


FIGURE 1: STATUS OF UNREINFORCED MASONRY BUILDINGS

TABLE 2: UNREINFORCED MASONRY BUILDING SUMMARY REPORT
FOR APRIL 1996

CATEGORY	TOTAL	PERMIT PENDING	PERMIT ISSUED	COMPLETED	REMAINING
RISK 1	88	14	23	13	38
RISK 2	141	37	31	13	60
RISK 3	950	53	95	94	708
RISK 4	484	19	53	36	376
EXEMPT 1	101			101	
EXEMPT 2	67			67	
FIELD ACT	15			15	
INFILL	167			167	
DEMOLISHED	58			58	
NO RESPONSE & REJECTED	30				30
TOTALS	2101*	123	202	564	1212

* TOTAL REFLECTS PURGING OF STRUCTURAL REVISION PERMITS

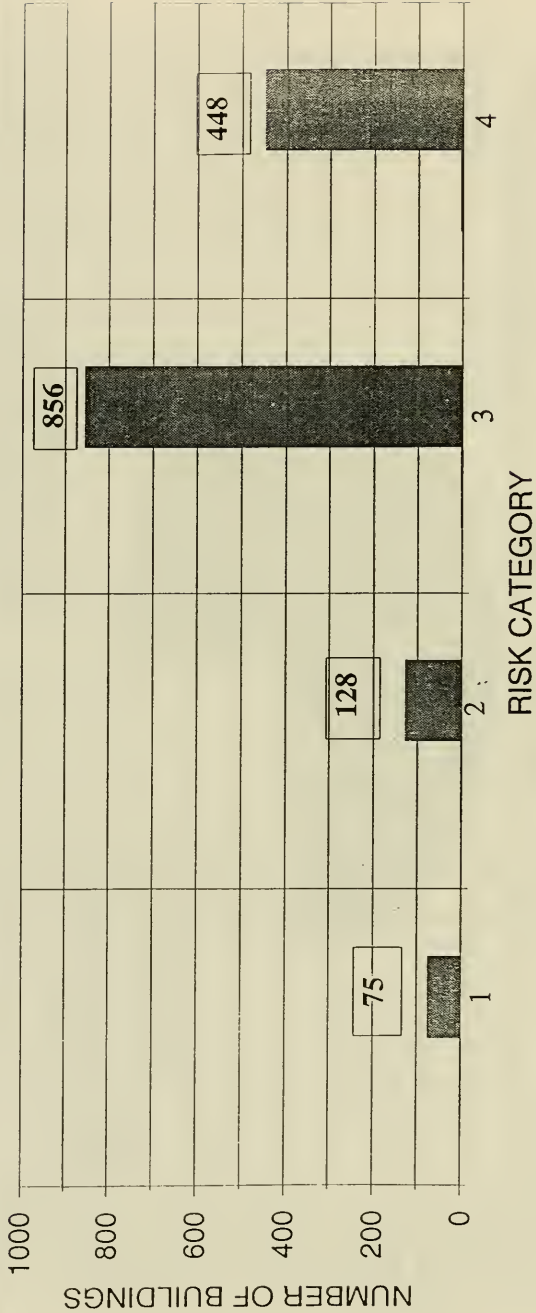
EXEMPT 1: No of UMB's strengthened between May 21, 1973 and Feb. 15, 1993

EXEMPT 2: No of UMB's with less than 5 residential units

FIELD ACT: No of UMB's exempt because of the 1937 School Field Act

INFILL: Not Unreinforced Masonry Bearing Wall Building

RISK CATEGORY	1	2	3	4	TOTAL
NUMBER OF BUILDINGS	75	128	856	448	1507
PERCENTAGE	5.0%	8.5%	56.8%	29.7%	100%



EXEMPT CATEGORY	RETROFITTED	DEMOLISHED	EXEMPT 1: buildings strengthened between May 21, 1973 and February 15, 1993	EXEMPT 2: buildings with less than five residential units	CONCRETE	STEEL	WOOD	FIELD ACT	TOTAL
NUMBER OF BUILDINGS	156	58	101	67	33	106	28	15	564

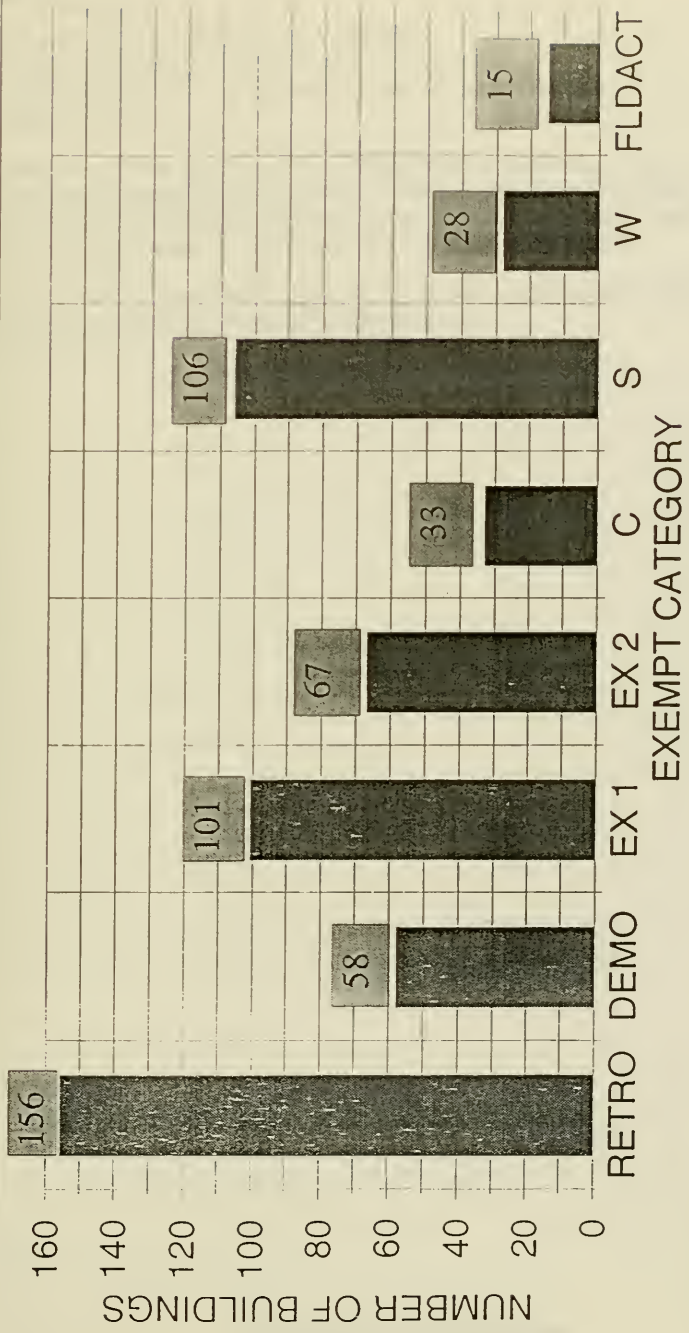


FIGURE 3: EXEMPT UNREINFORCED MASONRY BUILDINGS BY CATEGORIES

Memo to Budget Committee
May 1, 1996

Items 2 and 3 - Files 100-95-12 and 100-96-3

Note: These items were continued by the Budget Committee at its meeting of April 24, 1996.

These items are hearings concerning (a) the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years and (b) the City's three-year budget projections and the impact of the State's budget on San Francisco.

The Controller and the Budget Analyst will orally advise the Committee on any updated information pertaining to these items.

Item 4 - File 100-95-15

Note: This item was continued by the Budget Committee at its meeting of January 3, 1996.

Departments: Mayor's Office of Emergency Services (OES)
Department of Public Works
Recreation and Park Department
Various other City Departments

Item: Hearing to consider the fiscal impact to the City of the February and December 1995 storms, including damage to Golden Gate Park, the Conservatory of Flowers, and other City parks and facilities.

Description: The storms that occurred in February, 1995 in San Francisco resulted in damage to road systems, streets, sewers, trees, and City parks as well as 13 landslides. The storm that occurred on December 11 and 12 of 1995 resulted in additional significant damage to City property, parks and facilities. Such damage included a sewer failure at El Camino del Mar in the City's Seacliff area, which caused the collapse of one private family dwelling, major damage to two private homes, and minor damage to an additional 22 private homes. Six sewer collapses throughout the City caused street damage, and hundreds of catchbasins and roadways were flooded. Trees and tree limbs fell down throughout the City, onto streets, buildings, power lines, and vehicles. In addition, Golden Gate Park and other City parks sustained significant damage from fallen trees and soil erosion resulting from the heavy rains and wind.

Mr. John Sucich of the Department of Public Works (DPW) advises that in March of 1995, a President's Declaration of Major Disaster was issued with respect to the February 1995 storm, making the City eligible for reimbursement of Federal Emergency Management Agency (FEMA) funds of up to 75 percent of allowable costs for storm damage repair and emergency efforts. The State will pay for the remaining 25 percent of allowable costs.

The Governor issued an Emergency Declaration with respect to the December 1995 storms. However, the Governor's Office of Emergency Services certified that the December 1995 storms were not of sufficient impact to warrant a request for Federal assistance. Therefore, the President has not issued a Declaration of Major Disaster for the December 1995 storm. As a result, reimbursement of up to 75 percent of the City's eligible costs will be paid by the State under the National

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Disaster Act, with the remaining costs to be paid by the City. In addition, because a Federal Declaration of Major Disaster was not issued for the December 1995 storms, private property owners will not be eligible for Federal assistance for damage sustained in those storms, according to Mr. Sucich.

The DPW is responsible for emergency measures and repairs resulting from the sewer failure and landslide at El Camino del Mar, the six sewer collapses and resulting roadway damages. This repair work includes soil stabilization, environmental restoration and mitigation. In addition, DPW is responsible for clearance of fallen tree limbs, and repairs to damaged City buildings, power lines, and streets that resulted from heavy winds, flooding or fallen tree limbs. The DPW's preliminary estimate for these storm damage costs was \$11,565,000. The DPW's current cost estimate for these storm damage costs, is as follows:

Debris clearance (300 sites)	\$750,000
Emergency protective measures (1,250 sites)	1,500,000
Water Control Facilities	4,000,000
Road system repairs	500,000
Building and equipment repairs	1,500,000
Environmental/mitigation	1,000,000
Soil conservation (watershed rehabilitation)	<u>1,000,000</u>
Total estimated, Costs	\$10,250,000

Mr. Sucich advises that the estimated \$10,250,000 would be paid for initially from General Fund monies. The City would receive reimbursement of 75 percent of the eligible costs from the State under the National Disaster Assistance Act.

The Recreation and Park Department's (RPD's) previously submitted preliminary estimate of \$15,560,000 in storm damage costs included repairs to Golden Gate Park, the City's golf courses, and neighborhood parks. This cost estimate did not include the damage to the Conservatory of Flowers. The Recreation and Park Department estimated that approximately 600 major trees have been damaged or lost in Golden Gate Park. Fallen trees also caused significant damage to park structures, fences, and other shrubs and foliage. In addition, the Strybing Arboretum sustained significant tree and plant damage, as did four City golf courses (Lincoln Park/Legion of Honor, Harding/Fleming, Golden Gate Golf Course, and Sharp Park Golf Course). Candlestick Park and the Zoological Gardens also sustained some damage. The City's Neighborhood Parks lost a total of 295 trees and sustained minor damage to fencing and other park property. The storm's high winds essentially destroyed

the southeast wall of the Conservatory of Flowers' dome room, and inflicted significant damage to four other major areas in the dome room. Large numbers of glass panes and wood moldings were destroyed by the wind and rain, some of which then dropped onto the wings of the Conservatory and the gift shop, breaking panes of glass in these areas. The Conservatory has been closed to the general public, and some of the loose wood and glass has been removed from the dome and flexible plastic sheeting has been placed over the holes in the dome. All plants kept in the central dome room which could be moved have been relocated to other areas of the Conservatory.

The RPD's current estimated storm damage costs for all parks and facilities, including the Conservatory of Flowers, is as follows :

Estimated overtime costs	\$110,000
Contractual and other Non-salary costs	404,600
Tree replacement	5,000,000
Personnel	2,250,000
Equipment	800,000
Materials and Supplies	100,000
Services of other Departments	50,000
Vehicle rental	50,000
Subtotal	\$8,764,600
Conservatory of Flowers	15,000,000
Total Estimated Storm Damage Costs	\$23,764,600

Mr. Phil Arnold of the RPD advises that the \$8,764,600 would be paid for initially from General Fund monies. The City would receive reimbursement of 75 percent of the eligible costs from the State under the National Disaster Assistance Act. In addition, Mr. Arnold advises that RPD has filed a claim of \$9,000,000 with FEMA for damage to the Conservatory of Flowers, due to that fact that some of the damage to the Conservatory is due to damage associated with the February 1995 storms, and would therefore be eligible for Federal funds.

According to Mr. Arnold, approximately \$5 million of the estimated \$8,764,600 in repair costs is the cost of mature trees which have been lost in Golden Gate Park. This \$5 million represents the value of the loss to the City, but the actual cost of repair will be significantly lower, since the City will not replace these lost trees with mature trees due to the prohibitively high cost of mature trees. However, according to the RPD, it is appropriate to report the full cost of the loss

of these trees in order to secure the maximum State reimbursement for these losses.

Comments:

1. A supplemental appropriation request in the amount of \$489,800 to fund repairs of damage to Recreation and Park properties was previously approved by the Board of Supervisors (File 101-95-42) to pay for contractual services, overtime, materials and supplies, and other items related to damage repairs at Golden Gate Park, 3COM Park, and City neighborhood parks. This amount is included in the RPD's current estimate of storm damage costs shown above.

2. The cost estimates previously submitted by many City departments included regular (straight-time, work day) labor costs for City employees performing storm damage repairs. These labor costs are not eligible for State or Federal reimbursement. Such expenditures are already included in the City's annual budget and, therefore, do not represent an additional cost to the City, except in terms of the impact upon routine on-going work that was not handled because of the emergency. City departments have not provided a detailed breakdown of straight-time and overtime labor costs in connection with the storm damage cost estimates. Therefore, an undetermined amount of the approximately \$27,991,636 in the preliminary estimate of costs may be regular labor costs already included in the FY 1995-96 budget.

3. Initial December 1995 storm damage estimates, totalling \$31,788,094, were compiled by the Mayor's Office of Emergency Services (OES). Attachment I is a listing of the revised December 1995 storm damage cost estimates from the 16 City departments that previously provided such estimates to the Budget Analyst. These revised City department storm damage estimates totaled \$27,991,636. Of the total \$27,991,636, \$15,560,000 represented RPD costs and \$11,565,000 represented DPW costs for a total of \$27,125,000 or over 97 percent of the total costs of \$27,991,636. As of the writing of this report, the OES had not compiled a more current revised listing of the storm damage cost estimates.

4. However, the OES has submitted an application to the Governor's Office of Emergency Services for affected City departments and the San Francisco Unified School District (SFUSD) for cost reimbursements for storm damage caused by the December 1995 storm. Attachment II is a table, provided by the OES, which lists the State's estimate (based on information provided by the City), of costs for storm

damage for each of the affected City departments and the SFUSD, which totals \$21,714,082. As noted above, the City is eligible for reimbursement of up to 75 percent of these costs. A summary of the State's estimated storm damage costs, by City department, is shown below:

<u>City Department</u>	<u>Estimated Costs</u>
Airport	\$163,606
Animal Care & Control	5,000
Dept. of Building Inspection	50,000
Department of Parking & Traffic *	20,000
Department of Public Works	9,366,534
Department of Transportation *	3,690
Dept. of Electricity/Telecommunications	30,000
Fine Arts Museum	16,300
Fire Department	8,000
Housing Authority	35,000
Laguna Honda Hospital *	54,800
MUNI	32,000
Police Department	13,000
Port of San Francisco	190,000
Purchasing/Central Shops	15,000
Recreation and Park Department	10,950,000
Redevelopment Agency *	5,654
Water Department	<u>430,000</u>
Sub-total	\$21,388,584
San Francisco Unified School District	<u>325,498</u>
TOTAL	\$21,714,082

* The Department of Parking and Traffic, Department of Transportation, Laguna Honda Hospital and the Redevelopment Agency were not included in the 16 City departments that provided initial storm damage estimates. Additionally, it should be noted that the Department of Social Services and the Public Library submitted initial storm damage estimates in the amount of \$360 and \$211,200 respectively but such estimates are not reflected on the State's list.

Attachment 1: Storm Damage Cost Estimates from City Departments

Department	Item	Sites	Overtime or Contract (1)	Materials	Repairs	Total (2)
Airport	cracked windows, leaks, electrical damage		\$2,500	\$5,000	\$13,000	\$20,500
Animal Care & Control	roof leaks, ceiling & wall damage				\$15,000	\$15,000
Dept. of Bldg. Inspection	Inspections, collapsed sewer		\$49,395			\$49,395
Dept. of Public Works	Debris clearance	300	\$750,000			\$1,270,000
Dept. of Public Works	Emergency protective measures	1,250	\$750,000			\$1,720,000
Dept. of Public Works	Road system repairs					\$500,000
Dept. of Public Works	Water control facilities	10				\$3,650,000
Dept. of Public Works	Buildings and Equipment	20				\$625,000
Dept. of Public Works	Public utility systems					\$500,000
Dept. of Public Works	Environmental/Mitigation	200				\$2,300,000
Dept. of Public Works	Soil conservation service					\$1,000,000
Dept. of Social Services	minor leaks, flooding				\$360	\$360
Electricity and Telecomm.	Fire Alarm system, roof leaks		\$15,000	\$1,000	\$1,000	\$17,000
Fine Arts Museum	Tile damage to roof at de Young		\$2,000	\$500	\$7,500	\$10,000
Fire Dept	Property damage repaired by DPW	11				\$0
Housing Authority	repairs to property damage		\$45,000			\$95,000
MUNI	repairs to equipment & facilities		\$42,008	\$50,000	\$91,468	\$183,476
Police (Field Operations)	Command van at El Camino site		\$14,673			\$14,673
Port of SF	damage at 31 locations				n/a	
Public Library	roof replacement, trees, windows				\$211,200	\$211,200
Purchasing/Central Shops	2 ventilator motors blown off shop roof				\$2,032	\$2,032
Recreation & Park Dept.	cleanup, reforestation, damage repair		\$69,600	\$500,000	\$14,990,400	\$15,560,000
War Memorial	Opera House roof & windows, Vet. Bldg				\$8,000	\$8,000
Water Department	Watershed repairs	16				\$240,000
			\$1,740,176	\$556,500	\$15,337,928	\$27,991,636
Notes:						
(1) Many departments did not provide overtime figures, but may have incurred overtime costs. Also may include contract labor costs.						
(2) May include straight-time (work day) labor costs which do not represent additional costs incurred by the City.						

APP NO	APPLICANT NAME	LOCATION	CAT	No of Items	Inspector	DATE ASSESSD	EDOC	ESTIMATED AMOUNT	COMMENTS
98-01-045	SAN FRANCISCO COUNTY								
98-01-045	Asian Art Museum	Golden Gate Park	E	1	Seaborn	3/1/98	19-Apr	\$ 3,900	To be signed
98-01-045	Bureau of Building Repairs	2323 Army Street	O	1	Dooley	3/1/98	Complete	\$ 4,000	Completed - signed & turned in 4/5
98-01-045	Bureau of Engineering	Various	A	4	Foster	3/1/98	May-98	\$ 110,000	1st visit 3/15 - comp. the visit 4/4
98-01-045	Bureau of Engineering	Various	B	10	Foster	3/1/98	May-98	\$ 200,000	1st visit 3/15 - comp. the visit 4/4
98-01-045	Bureau of Engineering	Various	C	2	Foster	3/1/98	May-98	\$ 150,000	1st visit 3/15 - comp. the visit 4/4
98-01-045	Bureau of Engineering	Various	D	5	Foster	3/1/98	May-98	\$ 250,000	1st visit 3/15 - comp. the visit 4/4
98-01-045	Bureau of Engineering	El Camino del Mar	F	1	Foster	3/1/98	May-98	\$ 6,000,000	1st visit 3/15 - the inspection 4/5
98-01-045	Bureau of Engineering	El Camino del Mar	G	1	Foster	3/1/98	May-98	\$ 2,000,000	1st visit 3/15 - the inspection 4/5
98-01-045	Bureau of Engineering	Various	B	4	Foster	3/1/98	May-98	\$ 250,000	1st visit 3/15 - the inspection 4/5
98-01-045	Bureau of Engineering	Various	F	4	Foster	3/1/98	May-98	\$ 150,000	1st visit 3/15 - the inspection 4/5
98-01-045	Bureau of Engineering	City-wide	A	1	Gordon	3/1/98	4/18/98	0	will complete by 4/17
98-01-045	Bureau of Street and Sewer Repair	City-wide	B	1	Gordon	3/1/98	4/18/98	\$ 84,000	will complete by 4/17
98-01-045	Bureau of Street and Sewer Repair	City-wide	F	1	Gordon	3/1/98	4/18/98	0	will complete by 4/17
98-01-045	Bureau of Street Environmental Services	Various	A	11	Gordon	3/1/98	6/1/98	\$ 18,000	the visit 3/27 - no data provided
98-01-045	Bureau of Street Environmental Services	City-wide	B	1	Gordon	3/1/98	6/1/98	\$ 35,000	the visit 3/27 - no data provided
98-01-045	Bureau of Street Environmental Services	City-wide	C	1	Gordon	3/1/98	6/1/98	\$ 27,000	the visit 3/27 - no data provided
98-01-045	Bureau of Street Environmental Services	City-wide	G	1	Gordon	3/1/98	6/1/98	\$ 40,000	the visit 3/27 - no data provided
98-01-045	Bureau of Street Use and Mapping	Various through City and County	O	1	Gordon	3/1/98	6/1/98	0	applied data to Bur of Eng for submitted via visit 3/28 - no data provided
98-01-045	Bureau of Water Pollution Control	Various	B	6	Gordon	3/1/98	6/1/98	\$ 12,000	the visit 3/28 - no data provided
98-01-045	Bureau of Water Pollution Control	Various	D	1	Gordon	3/1/98	6/1/98	\$ 5,000	the visit 3/28 - no data provided
98-01-045	CCSF - Bureau of Light, Heat & Power	104 Point Lobos from Cliff House	A	1	Dooley	3/1/98	Complete	\$ 688	completed 3/27
98-01-045	CCSF - Bureau of Light, Heat & Power	Various	F	21	Dooley	3/1/98	Complete	\$ 10,876	1st visit 3/15 - waiting for info.
98-01-045	CCSF-Dept of Electricity/Telecommunications	Winchouse	E	1	Dooley	4/6/98	25-Apr	\$ 15,000	First meeting scheduled for 4/18
98-01-045	CCSF-Dept of Electricity/Telecommunications	Shop 1000 Jemold	F	1	Dooley	4/6/98	25-Apr	\$ 15,000	First meeting scheduled for 4/18
98-01-045	CCSF - Purchasing, Central Shops	Shop 1000 Jemold	E	1	Dooley	4/6/98	Complete	\$ 15,000	completed and signed 4/18
98-01-045	Dept. of Animal Care & Control	1200 15TH Street	E	5	Seaborn	3/13/98	26-Apr	\$ 5,000	Est. in for Foster Account
98-01-045	Dept. of Building Inspection, of R.F. City & Co.	Various	B	16	Foster	3/1/98	34-Apr	\$ 50,000	Collecting data
98-01-045	Dept. of Parking & Traffic, paint division	Various	C	63	Seaborn	3/1/98	5/2/98	\$ 10,000	Materials almost in.
98-01-045	Dept. of Parking & Traffic, paint division	El Camino del Mar @ 25th Ave.	G	14	Seaborn	3/1/98	5/2/98	\$ 10,000	contacted 3/18 appt. collecting data
98-01-045	Dept. of Transportation, Enforcement Division	Various	B	10	Dooley	3/1/98	1-Jun	\$ 1,843	Completed 3/18 appt. collecting data
98-01-045	Leguna Honda Hospital - Public Health	Campus Wide	A	1	Monica	3/1/98	5/2/98	\$ 18,600	1st meeting 3/28- info. available 4/18
98-01-045	Leguna Honda Hospital - Public Health	Main Bldg. & Clarendon Hall	E	1	Monica	3/1/98	5/2/98	\$ 18,000	1st meeting 3/28- info. available 4/18
98-01-045	Leguna Honda Hospital - Public Health	Trolley coach line 3, 5, 21, 22, 24, 33	B	1	Seaborn	4/6/98	13-May	\$ 2,000	Scheduled 1st visit May 1.
98-01-045	Municipal Railway	Carpenter Shop	E	2	Seaborn	4/6/98	13-May	\$ 30,000	Scheduled 1st visit May 1.
98-01-045	Port of San Francisco	Fishermen's Wharf	G	3	Seaborn	4/17/98	Jun-98	\$ 36,000	Transferred over to Seaborn from Madril
98-01-045	Port of San Francisco	Various	F	3	Seaborn	4/17/98	Jun-98	\$ 36,000	Transferred over to Seaborn from Madril
98-01-045	Port of San Francisco	Various	E	30	Seaborn	4/17/98	Jun-98	\$ 36,000	Transferred over to Seaborn from Madril
98-01-045	Port of San Francisco	Various	G	5	Seaborn	4/17/98	Jun-98	\$ 36,000	Transferred over to Seaborn from Madril
98-01-045	Port of San Francisco	Export Outlet Facility	A	1	Seaborn	4/17/98	Jun-98	\$ 36,000	Transferred over to Seaborn from Madril
98-01-045	San Francisco Fire Department	Various	E	11	Dooley	4/17/98	Jun-98	\$ 1,500	First meeting scheduled for 4/22
98-01-045	San Francisco Fire Department	Various	C	2	Dooley	4/17/98	Jun-98	\$ 3,000	First meeting scheduled for 4/22
98-01-045	San Francisco Fire Department	Various	D	1	Dooley	4/17/98	Jun-98	\$ 3,500	First meeting scheduled for 4/22

4/19/98
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Items 5 and 6 - Files 251-95-2.1 and 170-96-2

Department: Chief Administrative Officer (CAO)

Items: Item 5, File 251-95-2.1 - Resolution ordering changes and modifications to the Engineer's Report, including the Assessment Roll for the Bayshore Hester Assessment District No. 95-1.

Item 6, File 170-96-2 - Resolution providing for the issuance of not to exceed \$1,030,000 of Limited Obligation Improvement Bonds; providing for the approval, execution and delivery of a fiscal agent agreement; providing for the appointment of a fiscal agent for the bonds and an assessment administrator; providing for the collection of assessments to pay the principal and interest on said bonds; approving the notice of sale and preliminary official statement for said bonds, authorizing the execution of said bonds; approving an acquisition and funding agreement and continuing disclosure agreement; and providing for the execution of documents associated with the bonds and

Description: Item 6, - File 170-96-2

The Board of Supervisors previously approved legislation which, in part, (1) declared the City's intent to form the Bayshore Hester Assessment District No. 95-1 (Assessment District), at the request of the firm of Bayshore Hester Associates, for the purpose of financing certain improvements related to the development of 48 single-family housing units, located at Hester Avenue and Bayshore Boulevard, and (2) directed the preparation of a Preliminary Engineer's Report in connection with this proposed Assessment District (File 251-95-1).

Pursuant to Section 185, Article VI of the City's Public Works Code and the State Municipal Improvement Act of 1913, the City is authorized to form special assessment districts to implement public works projects and improvements. Improvements in connection with the proposed single-family housing development would involve the construction of a new public right-of-way for 48 single-family houses, which would consist of the following: (1) excavation, (2) construction of retaining walls, (3) back filling of soil, off-hauling of excess soil, (4) construction of roads, curbs, gutters, sidewalks, (5) construction of a joint utilities trench for electricity, gas, telephone and cable television, (6) construction of a water line, and sewer line, (7) the installation of lights and fire hydrants and (8) the relocation of street signs.

The proposed resolution would authorize the Chief Administrative Officer, City Controller, City Treasurer, and other City officials to take the necessary actions to issue and sell up to \$1,030,000 in Limited Obligation Improvement Bonds in order to finance the improvements and the establishment of the proposed Assessment District.

The general provisions of the issuance and sale of the proposed bonds are as follows:

- The sale of the bonds would be held on approximately May 23, 1996.
- The bonds would be sold at an interest rate which would not exceed 12 percent per year, and would mature in 30 years from the date of sale of the bonds.
- Bonds will be awarded to the bidder whose bid represents the lowest interest cost.
- The bonds would be repaid from the assessments levied against and paid by the property owners within the Assessment District.
- The CAO may appoint a fiscal agent to distribute bond interest payments.

Item 5. - File 251-95-2.1

The Board of Supervisors previously approved legislation approving a Preliminary Engineer's Report for the proposed Bayshore Hester Assessment District No. 95-1 (File 251-95-2). The Preliminary Engineer's Report was prepared by Moran Engineering, a firm hired by Bayshore Hester Associates.

The proposed resolution would order changes and modifications to the original plans for the improvements and cost estimates for the Assessment District contained in the Preliminary Engineer's Report, as follows:

(1) The Modified Engineer's Report states that the estimated cost of the planned improvements to the proposed Assessment District is \$1,030,000, which is \$230,000 less than the estimated cost of \$1,260,000 contained in the Preliminary Engineer's Report. The Attachment, from the Modified Engineer's Report, details the estimated \$1,030,000 in costs.

(2) The Preliminary Engineer's Report stated that the proposed Assessment District would be subdivided into 20 lots. The Modified Engineer's Report reflects that the Assessment District will actually be subdivided into 48 lots.

(3) The Modified Engineer's Report estimates an average assessment of approximately \$1,889 annually for approximately 11.36 years on each of the 48 lots for a total assessment of \$21,459 per lot (\$1,889 per/year x 11.36 years). This would result in total assessments of approximately \$1,030,000 (\$21,459 per/lot x 48 lots). The Preliminary Engineer's Report had estimated an assessment of \$31,500 each on 18 of the 20 lots for a total of \$567,000 plus \$283,500 and \$409,500 respectively for lots 19 and 20, resulting in total assessments of \$1,260,000.

Comments:

1. Under the proposed resolution (Item 6, File 170-96-2) the annual interest rate for the Limited Obligation Improvement Bonds could not exceed 12 percent. Ms. Wagner-Lockwood reports that if the bonds were sold at this time, they would probably be sold at an estimated overall interest rate of 8 percent.

2. Ms. Wagner-Lockwood reports that, based on a 30-year term for the bonds, and based on an interest rate of 8 percent, the proposed sale of the bonds in the amount of \$1,030,000 would result in interest costs of approximately \$1,775,000, and, therefore, a total debt service requirement of approximately \$2,805,000, over the life of the bonds. The average annual debt service requirement for the 30-year period would be approximately \$93,500,

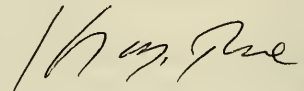
3. Ms. Wagner-Lockwood states that the cost of issuing the proposed Limited Obligation Improvement Bonds, including bond counsel fees, financial advisor's fees, the Department of Public Works costs, the Real Estate Department costs, and printing are expected to be approximately \$125,000, which would be paid for by the proposed bond funds.

4. Mr. Victor Castillo of the City Attorney's Office advises that should a sufficient amount of monies not be collected to pay the Limited Obligation Improvement bonded indebtedness, then the City would be obligated to institute foreclosure proceedings against the property owners and use monies from the sale of the property to pay off the bonded indebtedness.

Memo to Budget Committee
May 1, 1996 Budget Committee Meeting

5. Ms. Wagner-Lockwood advises that the CAO is requesting that these items be continued on behalf of Bayshore Hestor Associates in order to allow Bayshore Hestor Associates additional time to have their interim construction financing committment extended to ensure that the necessary construction financing for the proposed project is available.

Recommendation: Continue these items as requested by the CAO in order to allow Bayshore Hestor Associates additional time to have their interim construction financing committment extended.



Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

EXHIBIT "B"

**ENGINEER'S ESTIMATE OF COSTS
BAYSHORE HESTER ASSESSMENT DISTRICT NO. 95-1.
CITY AND COUNTY OF SAN FRANCISCO**

4/18/96

ITEM	COST
Grading, hauling, and retaining	\$183,382
Road, curb, gutter, sidewalk	\$166,220
Sewer	\$148,380
Utilities Trench, lighting	\$145,000
Water	\$104,000
Total Construction Costs	\$746,982
 Printing, etc.	 \$10,000
Trustee/Paying Agent	\$7,500
District Administrator	\$7,500
Bond Discount	\$20,600
Co-Bond Counsel	\$65,000
City Administrative Costs	\$20,000
Financial Advisor	\$15,000
Reserve Fund	\$94,400
Capitalized Interest	\$97,819
 TOTAL COSTS	 \$1,084,801
 Developer Contribution	 \$54,801
 Total From Assessment District	 \$1,030,000

Note 1: The line items within this Estimate are
subject to revision according to actual costs.

DOCUMENTS DEPT.

MAY 02 1996

SAN FRANCISCO
PUBLIC LIBRARY

SF
Memo to Budget Committee
May 1, 1996

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10.07
Item 4 - File 100-95-15

Revised

Note: This item was continued by the Budget Committee at its meeting of January 3, 1996.

1/1/96
Departments: Mayor's Office of Emergency Services (OES)
Department of Public Works
Recreation and Park Department
used Various other City Departments

Item: Hearing to consider the fiscal impact to the City of the February and December 1995 storms, including damage to Golden Gate Park, the Conservatory of Flowers, and other City parks and facilities.

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Mr. John Sucich of the Department of Public Works (DPW) advises that in March of 1995, a President's Declaration of Major Disaster was issued with respect to the February 1995 storm, making the City eligible for reimbursement of Federal Emergency Management Agency (FEMA) funds of up to 75 percent of allowable costs for storm damage repair and emergency efforts. The State will pay for the remaining 25 percent of allowable costs.

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3 **BOARD OF SUPERVISORS**
BUDGET ANALYST

Recommendations to meeting of

As a result, reimbursement of up to 75 percent of the City's eligible costs will be paid by the State under the Natural Disaster Assistance Act, with the remaining costs to be paid by the City. In addition, because a Federal Declaration of Major Disaster was not issued for the December 1995 storms, private property owners will not be eligible for Federal assistance for damage sustained in those storms, according to Mr. Sucich. Mr. Sucich notes also that there are no State or local assistance programs available to provide reimbursement to private property owners for damage sustained in the storms.

The DPW is responsible for emergency measures and repairs resulting from the sewer failure and landslide at El Camino del Mar, the six sewer collapses and resulting roadway damages. This repair work includes soil stabilization, environmental restoration and mitigation. In addition, DPW is responsible for clearance of fallen tree limbs, and repairs to damaged City buildings, power lines, and streets that resulted from heavy winds, flooding or fallen tree limbs. The DPW's preliminary estimate for these storm damage costs was \$11,565,000. The DPW's current cost estimate for these storm damage costs, is as follows:

Debris clearance (300 sites)	\$750,000
Emergency protective measures (1,250 sites)	1,500,000
Water Control Facilities	4,000,000
Road system repairs	500,000
Building and equipment repairs	1,500,000
Environmental/mitigation	1,000,000
Soil conservation (watershed rehabilitation)	<u>1,000,000</u>
Total estimated, Costs	\$10,250,000

Mr. Sucich advises that the estimated \$10,250,000 would be paid for initially from General Fund monies. The City would receive reimbursement of 75 percent of the eligible costs from the State under the Natural Disaster Assistance Act.

The Recreation and Park Department's (RPD's) previously submitted preliminary estimate of \$15,560,000 in storm damage costs included repairs to Golden Gate Park, the City's golf courses, and neighborhood parks. This cost estimate did not include the damage to the Conservatory of Flowers. The Recreation and Park Department estimated that approximately 600 major trees have been damaged or lost in Golden Gate Park. Fallen trees also caused significant damage to park structures, fences, and other shrubs and foliage. In addition, the Strybing Arboretum sustained significant tree and plant damage, as did four City golf

courses (Lincoln Park/Legion of Honor, Harding/Fleming, Golden Gate Golf Course, and Sharp Park Golf Course). Candlestick Park and the Zoological Gardens also sustained some damage. The City's Neighborhood Parks lost a total of 295 trees and sustained minor damage to fencing and other park property. The storm's high winds essentially destroyed the southeast wall of the Conservatory of Flowers' dome room, and inflicted significant damage to four other major areas in the dome room. Large numbers of glass panes and wood moldings were destroyed by the wind and rain, some of which then dropped onto the wings of the Conservatory and the gift shop, breaking panes of glass in these areas. The Conservatory has been closed to the general public, and some of the loose wood and glass has been removed from the dome and flexible plastic sheeting has been placed over the holes in the dome. All plants kept in the central dome room which could be moved have been relocated to other areas of the Conservatory.

The RPD's current estimated storm damage costs for all parks and facilities, including the Conservatory of Flowers, is as follows :

Estimated overtime costs	\$110,000
Contractual and other Non-salary costs	404,600
Tree replacement	5,000,000
Personnel	2,250,000
Equipment	800,000
Materials and Supplies	100,000
Services of other Departments	50,000
Vehicle rental	<u>50,000</u>
Subtotal	\$8,764,600
Conservatory of Flowers	<u>15,000,000</u>
Total Estimated Storm Damage Costs	\$23,764,600

Mr. Phil Arnold of the RPD advises that the \$8,764,600 would be paid for initially from General Fund monies. The City would receive reimbursement of 75 percent of the eligible costs from the State under the Natural Disaster Assistance Act. In addition, Mr. Arnold advises that RPD has filed a claim of \$9,000,000 with FEMA for damage to the Conservatory of Flowers, due to that fact that some of the damage to the Conservatory is due to damage associated with the February 1995 storms, and would therefore be eligible for Federal funds.

According to Mr. Arnold, approximately \$5 million of the estimated \$8,764,600 in repair costs is the cost of mature trees which have been lost in Golden Gate Park. This \$5

million represents the value of the loss to the City, but the actual cost of repair will be significantly lower, since the City will not replace these lost trees with mature trees due to the prohibitively high cost of mature trees. However, according to the RPD, it is appropriate to report the full cost of the loss of these trees in order to secure the maximum State reimbursement for these losses.

Comments:

1. A supplemental appropriation request in the amount of \$489,800 to fund repairs of damage to Recreation and Park properties was previously approved by the Board of Supervisors (File 101-95-42) to pay for contractual services, overtime, materials and supplies, and other items related to damage repairs at Golden Gate Park, 3COM Park, and City neighborhood parks. This amount is included in the RPD's current estimate of storm damage costs shown above.

2. The cost estimates previously submitted by many City departments included regular (straight-time, work day) labor costs for City employees performing storm damage repairs. These labor costs are not eligible for State or Federal reimbursement. Such expenditures are already included in the City's annual budget and, therefore, do not represent an additional cost to the City, except in terms of the impact upon routine on-going work that was not handled because of the emergency. City departments have not provided a detailed breakdown of straight-time and overtime labor costs in connection with the storm damage cost estimates. Therefore, an undetermined amount of the approximately \$27,991,636 in the preliminary estimate of costs may be regular labor costs already included in the FY 1995-96 budget.

3. Initial December 1995 storm damage estimates, totalling \$31,788,094, were compiled by the Mayor's Office of Emergency Services (OES). Attachment I is a listing of the revised December 1995 storm damage cost estimates from the 16 City departments that previously provided such estimates to the Budget Analyst. These revised City department storm damage estimates totaled \$27,991,636. Of the total \$27,991,636, \$15,560,000 represented RPD costs and \$11,565,000 represented DPW costs for a total of \$27,125,000 or over 97 percent of the total costs of \$27,991,636. As of the writing of this report, the OES had not compiled a more current revised listing of the storm damage cost estimates.

4. However, the OES has submitted an application to the Governor's Office of Emergency Services for affected City

BOARD OF SUPERVISORS
BUDGET ANALYST

departments and the San Francisco Unified School District (SFUSD) for cost reimbursements for storm damage caused by the December 1995 storm. Attachment II is a table, provided by the OES, which lists the State's preliminary estimate (based on information provided by the City), of costs for storm damage for each of the affected City departments and the SFUSD, which totals \$21,714,082. As noted above, the City is eligible for reimbursement of up to 75 percent of the City's eligible costs. It should be noted that these State estimates represent preliminary estimates, which have not yet been agreed upon by the State, and are subject to further modification. A summary of the State's preliminary estimated storm damage costs, by City department, is shown below:

<u>City Department</u>	<u>Estimated Costs</u>
Airport	\$163,606
Animal Care & Control	5,000
Dept. of Building Inspection	50,000
Department of Parking & Traffic *	20,000
Department of Public Works	9,366,534
Department of Transportation *	3,690
Dept. of Electricity/Telecommunications	30,000
Fine Arts Museum	16,300
Fire Department	8,000
Housing Authority	35,000
Laguna Honda Hospital *	54,800
MUNI	32,000
Police Department	13,000
Port of San Francisco	190,000
Purchasing/Central Shops	15,000
Recreation and Park Department	10,950,000
Redevelopment Agency *	5,654
Water Department	<u>430,000</u>
Sub-total	\$21,388,584
San Francisco Unified School District	<u>325,498</u>
TOTAL	\$21,714,082

* The Department of Parking and Traffic, Department of Transportation, Laguna Honda Hospital and the Redevelopment Agency were not included in the 16 City departments that provided initial storm damage estimates. Additionally, it should be noted that the Department of Social Services and the Public Library submitted initial storm damage estimates in the amount of \$360 and \$211,200 respectively but such estimates are not reflected on the State's list.

Department	Item	Sites	Overtime or Contract (1)	Materials	Repairs	Total (2)
Airport	cracked windows, leaks, electrical damage		\$2,500	\$5,000	\$13,000	\$20,500
Animal Care & Control	roof leaks, ceiling & wall damage				\$15,000	\$15,000
Dept. of Bldg. Inspection	Inspections, collapsed sewer		\$49,395			\$49,395
Dept. of Public Works	Debris clearance	300	\$750,000			\$1,720,000
Dept. of Public Works	Emergency protective measures	1,250	\$750,000			\$1,720,000
Dept. of Public Works	Road system repairs					\$500,000
Dept. of Public Works	Water control facilities	10				\$3,650,000
Dept. of Public Works	Buildings and Equipment	20				\$625,000
Dept. of Public Works	Public utility systems					\$500,000
Dept. of Public Works	Environmental/Mitigation	200				\$2,300,000
Dept. of Public Works	Soil conservation service					\$1,000,000
Dept. of Social Services	minor leaks, flooding				\$360	\$360
Electricity and Telecomm.	Fire Alarm system, roof leaks		\$15,000	\$1,000	\$1,000	\$17,000
Fine Arts Museum	Tile damage to roof at de Young		\$2,000	\$500	\$7,500	\$10,000
Fire Dept	Property damage repaired by DPW	11				\$0
Housing Authority	repairs to property damage		\$45,000			\$95,000
MUNI	repairs to equipment & facilities		\$42,008	\$50,000	\$91,468	\$183,476
Police (Field Operations)	Command van at El Camino site		\$14,673			\$14,673
Port of SF	damage at 31 locations				n/a	n/a
Public Library	roof replacement, trees, windows				\$211,200	\$211,200
Purchasing/Central Shops	2 ventilator motors blown off shop roof					\$2,032
Recreation & Park Dept.	cleanup, reforestation, damage repair		\$69,600	\$500,000	\$14,990,400	\$15,560,000
War Memorial	Opera House roof & windows, Vet. Bldg				\$8,000	\$8,000
Water Department	Watershed repairs	16				\$240,000
			\$1,740,176	\$556,500	\$15,337,928	\$27,991,636
Notes:						
(1) Many departments did not provide overtime figures, but may have incurred overtime costs. Also may include contract labor costs.						
(2) May include straight-time (work day) labor costs which do not represent additional costs incurred by the City.						

TOTAL P.03

APP ID	APPLICANT NAME	LOCATION	CAT	No of Items	DATE ASSIGNED	EDOC	ESTIMATED AMOUNT	COMMENTS
98-01-045	San Francisco Housing Authority	Various	Q	9	3/4/98	30-Apr	\$ 10,000	Contact on vacation. Waiting on data
98-01-045	San Francisco Housing Authority	Various	A	13	3/4/98	30-Apr	\$ 5,000	Labor done waiting on materials.
98-01-045	San Francisco Housing Authority	Various	E	34	3/4/98	30-Apr	\$ 20,000	Complete 4/28
98-01-045	San Francisco International Airport	Super Bay Hangar	E	1	3/12/98	Complete	\$ 183,608	Complete
98-01-045	San Francisco Police Dept.	El Camino del Mar 25th Ave.	B	2	3/4/98	2-May	\$ 2,000	First meeting 4/17
98-01-045	San Francisco Police Dept.	10 Brockmont Circle	E	3	3/4/98	2-May	\$ 10,000	First meeting 4/17
98-01-045	San Francisco Police Dept.	Various	G	1	3/4/98	2-May	\$ 1,000	First meeting 4/17
98-01-045	San Francisco Public Library	Various	E	6	3/12/98	4/20/98	\$ 7,000	waiting for copy of contract
98-01-045	San Francisco Public Library	Various	G	2	3/12/98	4/20/98	\$ 5,000	waiting for copy of contract
98-01-045	San Francisco Recreation & Park Department	Conservatory - Golden Gate Park	E	1	3/11/98	Jul-98	\$ 10,000,000	contracted appl. 3/13
98-01-045	San Francisco Recreation & Park Department	Various	A	10	3/11/98	Aug-98	\$ 800,000	completed the Inspections of Parks & Square
98-01-045	San Francisco Recreation & Park Department	Various	B	10	3/11/98	Aug-98	\$ 50,000	all other in various
98-01-045	San Francisco Recreation & Park Department	Various	G	9	3/11/98	Aug-98	\$ 50,000	stages of completing info.
98-01-045	San Francisco Redevelopment Agency	South Beach Harbor	D	41	3/11/98	Aug-98	\$ 50,000	stages of completing info.
98-01-045	San Francisco Redevelopment Agency	Various	E	2	3/12/98	4/20/98	\$ 2,827	Galvanizing last lot of info
98-01-045	San Francisco Redevelopment Agency	Various	A	19	3/12/98	4/20/98	\$ 2,027	should be completed by 4/19
98-01-045	San Francisco Unified School District	Various	B	16	3/12/98	1-Jun	\$ 15,000	Initial visit 4/4/98
98-01-045	San Francisco Unified School District	Various	E	48	3/12/98	1-Jun	\$ 15,000	2nd visit to set up info 4/10
98-01-045	San Francisco Unified School District	Various	E	48	3/12/98	1-Jun	\$ 300,000	" " " " " " " " " "
98-01-045	San Francisco Water Dept. - Millbrae	Various	A	12	3/12/98	1-Jun	\$ 100,000	1st visit 3/18 may have info 3/28-3/29
98-01-045	San Francisco Water Dept. - Millbrae	Various	B	10	3/12/98	1-Jun	\$ 50,000	no info
98-01-045	San Francisco Water Dept. - Millbrae	Crystal Springs Vista	E	1	3/12/98	1-Jun	\$ 25,000	applied says
98-01-045	San Francisco Water Dept. - Millbrae	Various	C	4	3/12/98	1-Jun	\$ 50,000	may have info
98-01-045	San Francisco Water Dept. - Millbrae	Various	O	1	3/12/98	1-Jun	\$ 10,000	by 4/17
98-01-045	San Francisco Water Dept. - Millbrae	Various	O	3	3/12/98	1-Jun	\$ 15,000	" " " "
98-01-045	San Francisco Water Dept. C.D.D.	Various	A	9	3/12/98	1-Jun	\$ 100,000	" " " "
98-01-045	San Francisco Water Dept. C.D.D.	Various	B	8	3/12/98	1-Jun	\$ 50,000	" " " "
98-01-045	San Francisco Water Dept. C.D.D.	Various	D	2	3/12/98	1-Jun	\$ 10,000	" " " "
98-01-045	San Francisco Water Dept. C.D.D.	Forest Hill Water Tank	F	1	3/12/98	1-Jun	\$ 20,000	" " " "
98-01-045	The Fine Arts Museum - De Young	75 Tea Garden Drive	A	1	3/15/98	21-May	\$ 1,000	Waiting for Force Account labor
98-01-045	The Fine Arts Museum - De Young	75 Tea Garden Drive	B	1	3/15/98	21-May	\$ 1,000	"
98-01-045	The Fine Arts Museum - De Young	75 Tea Garden Drive	E	1	3/15/98	21-May	\$ 5,000	Waiting for bids
98-01-045	The Fine Arts Museum - De Young	75 Tea Garden Drive	G	1	3/15/98	21-May	\$ 1,000	"
98-01-045	The Fine Arts Museum - Asian	100 34th Ave. Lincoln Park	B	1	3/15/98	18-Apr	\$ 0	"
98-01-045	The Fine Arts Museum - Asian	100 34th Ave. Lincoln Park	G	1	3/15/98	18-Apr	\$ 4,500	"
TOTAL NUMBER OF ITEMS FOR SAN FRANCISCO COUNTY							\$ 21,714,072	

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CALENDAR

REGULAR MEETING
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/ BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

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AUG 27 1996

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WEDNESDAY, MAY 8, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

PRESENT: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

ABSENT: SUPERVISOR HSIEH - ITEM 14

ACTING CLERK: GAIL JOHNSON

1. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh) (Continued from 5/1/96)

ACTION: Hearing held. Filed.

2. File 100-96-3. [Budget Status and Projections, State Budget Impact] Hearing to consider the status of San Francisco's budget; the budget projections for 1996-97; three year budget projections and impact of State's budget on San Francisco. (Supervisor Hsieh) (Continued from 5/1/96)

ACTION: Hearing held. Filed.

3. File 251-95-2.1. [Bayshore Hester Assessment District] Resolution ordering changes and modifications to the Engineer's Report, including the assessment roll for the City and County of San Francisco Bayshore Hester Assessment District No. 95-1. (Supervisor Shelley) (Continued from 5/1/96)

ACTION: Hearing held. Recommended. (Supervisors Kaufman, Bierman, Hsieh added as co-sponsors.)

4. File 170-96-2. [Bonds, Bayshore Hester Assessment District] Resolution providing for the issuance of \$1,030,000 principal amount of limited obligation improvement bonds; providing for the approval and execution and delivery by officers of the City and County of a fiscal agent agreement; providing for the appointment of a fiscal agent for the bonds and an assessment administrator; providing for the collection of assessments to pay the principal of and interest on said bonds; approving the notice of sale and preliminary official statement for said bonds; authorizing the execution of said bonds; approving an acquisition and funding agreement and a continuing disclosure agreement; and providing for the execution of documents in connection therewith and ratifying previous actions taken in connection therewith. (Supervisor Shelley) (Continued from 5/1/96)

ACTION: Hearing held. Recommended. (Supervisors Kaufman, Bierman, Hsieh added as co-sponsors.)

5. File 97-96-16. [Art Enrichment] Ordinance amending the Administrative Code by amending Section 3.13 requiring two (2) percent of estimated construction costs be for art enrichment of public structures, parks and transportation improvement projects; restricting the application of the Art Enrichment Ordinance to total construction costs rather than total project costs; providing for maintenance and conservation funds; allowing for aggregation of art enrichment funds; and increasing Art Commission administrative fees. (Supervisor Kaufman)
(Continued from 4/24)

ACTION: Consideration continued to the Call of the Chair.

6. File 101-95-48.1. [Reserved Funds, Art Commission] Consideration of release of reserved funds, Art Commission (Reserve for Cultural Centers), in the amount of \$24,825 for emergency roof repair of the Bayview Opera House. (Art Commission)
(Continued from 4/24)

ACTION: Consideration continued to the Call of the Chair.

7. File 97-96-26. [Settlement of Airport Claims/Legal Proceedings] Ordinance amending Administrative Code, by adding Sections 10.25-10 and 10.25-11, authorizing the Airports Commission upon the recommendation of the City Attorney to settle or dismiss any legal proceeding involving property or matter under its jurisdiction and which does not exceed \$100,000 and also authorizing the City Attorney, with the consent of the Airports Commission, to settle or dismiss Airport claims or demands not exceeding \$100,000. (Airports Commission)

ACTION: Consideration continued to May 15, 1996, meeting.

8. File 97-96-22. [Unlitigated Claims Under \$15,000] Ordinance amending Administrative Code Sections 10.20-9, 10.21, 10.22, 10.22-1, 10.24 and 10.25 to provide that all unlitigated claims involving the City and County of San Francisco may be settled without the approval of the Board of Supervisors if the amount of the settlement is under \$15,000, rather than the previous amount of under \$5,000. (Supervisor Shelley)

ACTION: Consideration continued to May 15, 1996, meeting.

9. File 97-96-23. [Revolving Funds, Municipal Railway Claims] Ordinance amending Administrative Code by repealing Section 10.150 thereby eliminating Cash Revolving Funds for the Municipal Railway, consistent with the provisions of the revised City Charter and by amending Section 10.136-1 to increase by \$270,473 (to a total of \$370,473) the funds held in the Bureau of Claims of the Office of the City Attorney, reflecting the transfer of Municipal Railway claims processing to the City Attorney's Office, effective July 1, 1996. Supervisor Shelley

ACTION: Consideration continued to May 15, 1996, meeting.

10. File 101-95-75. [Appropriation, Department of Public Health] Ordinance appropriating and rescinding \$22,040,803, Department of Public Health, of revenues (Realignment Short Doyle Medi-Cal and Medical), contribution transfers, salaries and fringe benefits at the Department of Mental Health, Laguna Honda, and San Francisco General Hospitals to address projected deficit for fiscal year 1995-96. RO #95190. (Controller)

ACTION: Hearing held. Recommended.

11. File 142-96-1. [Water Rates - Finding] Resolution making a finding that no tax subsidy will be required by the San Francisco Water Department by reason of approval of proposed schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. (Public Utilities Commission)

ACTION: Hearing held. Consideration continued to May 15, 1996, meeting.

12. File 142-96-1.1. [Approving Revised Rates, S.F./Suburban Areas] Resolution approving revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. (Public Utilities Commission)

ACTION: Hearing held. Consideration continued to May 15, 1996, meeting.

13. File 142-96-1.2. [Disapproving Revised Rates, S.F./Suburban Areas] Resolution disapproving revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. (Public Utilities Commission)

ACTION: Hearing held. Consideration continued to May 15, 1996, meeting.

14. File 127-96-3. [Transient Occupancy (Hotel) Tax Increase] Ordinance amending Part III, Municipal Code, by adding Section 502.6-1 thereto to increase the current total transient occupancy surcharge by two percent, and by adding Section 502.8-1 thereto to impose an additional two percent transient occupancy surcharge in certain Redevelopment Project Areas, both sections to be effective on July 1, 1996. (Supervisor Ammiano)

ACTION: Hearing held. Amendment of the Whole, as presented by Supervisor Ammiano, adopted. Recommended as amended. (To Board for Consideration on June 24, 1996.) New title: "Amending Part III, Municipal Code, by adding Section 502.6-1 thereto to increase the current total transient occupancy surcharge by two percent, and by adding Section 502.8-1 thereto to impose an additional two percent transient occupancy surcharge in certain Redevelopment Project Areas, both sections to be effective on August 1, 1996."

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5/8/96
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 3, 1996

TO: Budget Committee

FROM: Budget Analyst *Recommendations for next meeting*

SUBJECT: May 8, 1996 Budget Committee Meeting

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Items 1 and 2 - Files 100-95-12 and 100-96-3

Note: These items were continued by the Budget Committee at its meeting of May 1, 1996.

These items are hearings concerning (a) the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years and (b) the City's three-year budget projections and the impact of the State's budget on San Francisco.

The Controller and the Budget Analyst will orally advise the Committee on any updated information pertaining to these items.



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Items 3 and 4 - Files 251-95-2.1 and 170-96-2

Note: These items were continued by the Budget Committee at its meeting of May 1, 1996.

Department: Chief Administrative Officer (CAO)

Items: Item 3, File 251-95-2.1 - Resolution ordering changes and modifications to the Engineer's Report, including the Assessment Roll for the Bayshore Hester Assessment District No. 95-1.

Item 4, File 170-96-2 - Resolution providing for the issuance of not to exceed \$1,030,000 of Limited Obligation Improvement Bonds; providing for the approval, execution and delivery of a fiscal agent agreement; providing for the appointment of a fiscal agent for the bonds and an assessment administrator; providing for the collection of assessments to pay the principal and interest on said bonds; approving the notice of sale and preliminary official statement for said bonds, authorizing the execution of said bonds; approving an acquisition and funding agreement and continuing disclosure agreement; and providing for the execution of documents associated with the bonds and

Description: Item 4. - File 170-96-2

The Board of Supervisors previously approved legislation which, in part, (1) declared the City's intent to form the Bayshore Hester Assessment District No. 95-1 (Assessment District), at the request of the firm of Bayshore Hester Associates, for the purpose of financing certain improvements related to the development of 48 single-family housing units, located at Hester Avenue and Bayshore Boulevard, and (2) directed the preparation of a Preliminary Engineer's Report in connection with this proposed Assessment District (File 251-95-1).

Pursuant to Section 185, Article VI of the City's Public Works Code and the State Municipal Improvement Act of 1913, the City is authorized to form special assessment districts to implement public works projects and improvements. Improvements in connection with the proposed single-family housing development would involve the construction of a new public right-of-way for 48 single-family houses, which would consist of the following: (1) excavation, (2) construction of retaining walls, (3) back filling of soil, off-hauling of excess soil, (4) construction of roads, curbs, gutters, sidewalks, (5) construction of a joint utilities trench for electricity, gas,

BOARD OF SUPERVISORS
BUDGET ANALYST

telephone and cable television, (6) construction of a water line, and sewer line, (7) the installation of lights and fire hydrants and (8) the relocation of street signs.

The proposed resolution would authorize the Chief Administrative Officer, City Controller, City Treasurer, and other City officials to take the necessary actions to issue and sell up to \$1,030,000 in Limited Obligation Improvement Bonds in order to finance the improvements and the establishment of the proposed Assessment District.

The general provisions of the issuance and sale of the proposed bonds are as follows:

- The sale of the bonds would be held on approximately May 23, 1996.
- The bonds would be sold at an interest rate which would not exceed 12 percent per year, and would mature in 30 years from the date of sale of the bonds.
- Bonds will be awarded to the bidder whose bid represents the lowest interest cost.
- The bonds would be repaid from the assessments levied against and paid by the property owners within the Assessment District.
- The CAO may appoint a fiscal agent to distribute bond interest payments.

Item 3. - File 251-95-2.1

The Board of Supervisors previously approved legislation approving a Preliminary Engineer's Report for the proposed Bayshore Hester Assessment District No. 95-1 (File 251-95-2). The Preliminary Engineer's Report was prepared by Moran Engineering, a firm hired by Bayshore Hester Associates.

The proposed resolution would order changes and modifications to the original plans for the improvements and cost estimates for the Assessment District contained in the Preliminary Engineer's Report, as follows:

(1) The Modified Engineer's Report states that the estimated cost of the planned improvements to the proposed Assessment District is \$1,030,000, which is \$230,000 less than the estimated cost of \$1,260,000 contained in the

Preliminary Engineer's Report. The Attachment, from the Modified Engineer's Report, details the estimated \$1,030,000 in costs.

(2) The Preliminary Engineer's Report stated that the proposed Assessment District would be subdivided into 20 lots. The Modified Engineer's Report reflects that the Assessment District will actually be subdivided into 48 lots.

(3) The Modified Engineer's Report estimates an average assessment of approximately \$1,889 annually for approximately 11.36 years on each of the 48 lots for a total assessment of \$21,459 per lot ($\$1,889 \text{ per/year} \times 11.36 \text{ years}$). This would result in total assessments of approximately \$1,030,000 ($\$21,459 \text{ per/lot} \times 48 \text{ lots}$). The Preliminary Engineer's Report had estimated an assessment of \$31,500 each on 18 of the 20 lots for a total of \$567,000 plus \$283,500 and \$409,500 respectively for lots 19 and 20, resulting in total assessments of \$1,260,000.

Comments:

1. Under the proposed resolution (Item 6, File 170-96-2) the annual interest rate for the Limited Obligation Improvement Bonds could not exceed 12 percent. Ms. Wagner-Lockwood reports that if the bonds were sold at this time, they would probably be sold at an estimated overall interest rate of 8 percent.

2. Ms. Wagner-Lockwood reports that, based on a 30-year term for the bonds, and based on an interest rate of 8 percent, the proposed sale of the bonds in the amount of \$1,030,000 would result in interest costs of approximately \$1,775,000, and, therefore, a total debt service requirement of approximately \$2,805,000, over the life of the bonds. The average annual debt service requirement for the 30-year period would be approximately \$93,500,

3. Ms. Wagner-Lockwood states that the cost of issuing the proposed Limited Obligation Improvement Bonds, including bond counsel fees, financial advisor's fees, the Department of Public Works costs, the Real Estate Department costs, and printing are expected to be approximately \$125,000, which would be paid for by the proposed bond funds.

4. Mr. Victor Castillo of the City Attorney's Office advises that should a sufficient amount of monies not be collected to pay the Limited Obligation Improvement bonded indebtedness, then the City would be obligated to institute foreclosure proceedings against the property owners and use

Memo to Budget Committee
May 8, 1996 Budget Committee Meeting

monies from the sale of the property to pay off the bonded indebtedness.

Recommendation: Based on the prior policy decision of the Board of Supervisors, approve the proposed resolutions.

BOARD OF SUPERVISORS
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EXHIBIT "B"

ENGINEER'S ESTIMATE OF COSTS
BAYSHORE HESTER ASSESSMENT DISTRICT NO. 95-1.
CITY AND COUNTY OF SAN FRANCISCO

4/18/96

ITEM	COST
Grading, hauling, and retaining	\$183,382
Road, curb, gutter, sidewalk	\$166,220
Sewer	\$148,380
Utilities Trench, lighting	\$145,000
Water	\$104,000
Total Construction Costs	\$746,982

Printing, etc.	\$10,000
Trustee/Paying Agent	\$7,500
District Administrator	\$7,500
Bond Discount	\$20,600
Co-Bond Counsel	\$65,000
City Administrative Costs	\$20,000
Financial Advisor	\$15,000
Reserve Fund	\$94,400
Capitalized Interest	\$97,819

TOTAL COSTS	\$1,084,801
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Developer Contribution	\$54,801
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Total From Assessment District	\$1,030,000
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Note 1: The line items within this Estimate are
subject to revision according to actual costs.

Item 5 - File 97-96-16

Note: This item was continued by the Budget Committee at its meeting of April 24, 1996.

Department: Art Commission, Art Enrichment Program

Item: Ordinance amending the Administrative Code by amending Section 3.13 to require two percent of estimated construction costs for Art Enrichment of public structures, parks and transportation improvement projects; restricting the application of the Art Enrichment ordinance to total construction costs rather than total project costs; providing for maintenance and conservation funds; allowing for aggregation of Art Enrichment funds; and increasing Art Commission administrative fees.

Description: Currently, Section 3.13 of the Administrative Code provides that for all capital improvement projects that results in either the construction of new City buildings, or in the additions to existing City buildings, an amount of up to two percent of the total capital improvement project budget must be allocated for the adornment of the subject building. Adornment includes the installation of paintings, sculptures, or other artistic enhancements. The Art Commission's Art Enrichment Program manages all art adornment funded by such capital improvement project appropriations.

The Art Commission may use up to five percent of the amount allocated for adornment for administrative costs under the existing ordinance. There is currently no amount of funding set aside for the cost of maintenance or conservation of these adornments once they have been installed in the new or expanded buildings.

The Art Commission's expenditures for the Art Enrichment Program are not included in the Department's annual budget. Instead, such funds are allocated from capital project appropriations, that are included in the City's annual budget, or bond funded projects (not included in the annual budget) that now meet the criteria requiring art enrichment under the existing ordinance, the managers of individual capital projects are then responsible for the accounting controls over expenditure of such funds for art enrichment, including the 5% allocation to administrative expenditures.

The proposed ordinance would amend Section 3.13 of the Administrative Code as follows:

(1) Substitute the term "adornment" with the term "art enrichment" to describe the funding allocation provided to the Art Commission's Art Enrichment Program.

(2) The proposed ordinance would expand the types of City construction projects required to provide art enrichment funds from the construction of new buildings or addition to existing City buildings (now covered) to also include construction of new City Parks, and construction of addition to or renovations of:

- all City structures (although structures are not defined in the proposed ordinance, this amendment would assure the inclusion of other facilities or structures that would not be considered buildings, such as Candlestick Park or the Hetch Hetchy Project's O'Shaughnessy Dam);
- City transportation improvement projects (to include boarding ramps, transit platforms, terminals, shelters, power substations, and street/highway improvements such as bridges and overpasses).

Renovation of a structure, building or transportation project is defined by the proposed ordinance to include "substantial changes to structural elements such as walls, partitions, or ceilings on two-thirds or more of the total number of stories or total floor space, excluding basements.

Park and landscape renovation projects (in contrast to new construction projects) would be exempt from the requirements of the proposed ordinance, as would transportation improvement projects to replace rails, rehabilitate Muni Transit overhead lines or repair or repave streets and runways.

(3) The proposed ordinance provides that for all eligible construction and renovation projects, the percentage allocated in each project budget for art enrichment would be two percent of the gross estimated construction cost, as opposed to the existing legislation which states that the art enrichment allocation is an amount not to exceed two percent of the total estimated project cost. Currently, total project costs include such expenditures as architectural and engineering services, land acquisition and site preparation, construction management, fixtures and project contingencies as well as construction costs. The effect of this feature of the proposed amendment will be to lower the amount of funds allocated to Art Enrichment for any given capital project.

However, this decrease in funding could be offset, by a significantly larger amount of funding, in the judgment of the Budget Analyst, through the inclusion of capital projects that were not previously required to commit funds for Art Enrichment, as described above.

Currently, the ordinance states that before proposing a bond issue or making a request for an appropriation for the construction of or addition to a building, the responsible City Department must submit the proposal to the Art Commission for the Art Commission's recommendation as to the amount, not to exceed two percent of the gross estimated project cost, that should be included for art enrichment.

Under the proposed ordinance, this amount would no longer be negotiated on a case-by case basis, unless the responsible City Department specifically requests to negotiate the percentage. If agreement cannot be reached concerning the amount of funds to be allocated to Art Enrichment for a particular project, the matter would be brought to the Board of Supervisors for a decision.

Mr. Richard Newirth, Director of Cultural Affairs for the Art Commission, advises that setting the art enrichment allocation to exactly two percent of gross construction costs, instead of up to two percent of total estimated project costs, would save staff time used to negotiate the art enrichment allocation for each project and would be consistent with the prevailing practices in the field of public art.

(4) The proposed ordinance would authorize the Art Enrichment Program to utilize 20 percent of each project's art enrichment allocation for administrative costs, unless the Art Commission agrees to a lesser amount on projects with art enrichment allocations in excess of \$750,000, or unless an administrative fee is limited or prohibited by the funding source (such as Federal funding sources for transit improvement projects). Currently, the Art Enrichment Program's administrative costs may not exceed five percent of the total art enrichment allocation for a particular capital project.

(5) Currently, the funds allocated in a project budget for art enrichment must be used for the facility funded by the project. The proposed amendment would authorize the Art Commission, when mutually agreed upon by the Art Commission and the City department from whose capital project budget the art enrichment allocation was obtained, and where permitted by the funding source, to pool art enrichment funds for use at a more publicly accessible facility under the jurisdiction of the same participating City department.

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Mr. Newirth advises that authorization to allow the Art Commission to pool funds would be beneficial when the new facility is not publicly accessible, or when the art enrichment contribution is so small that its overall contribution to the new facility would be negligible.

(6) The proposed ordinance provides that when permitted by the funding source, the Art Commission would have the authority to set aside and expend up to five percent of each project's art enrichment allocation for the maintenance and conservation of the art enrichment project. Art Enrichment allocations cannot be spent for maintenance and preservation under the present ordinance. Such expenditures can now occur if funds are specifically appropriated as a capital project in the Art Commission's annual General Fund budget.

Summary:

In summary, the proposed ordinance would (1) substitute the term "adornment" for "art enrichment"; (2) significantly increase the number of capital projects that are required to allocate funds for art enrichment; (3) authorize the Art Commission to receive an allocation of two percent of construction costs for such projects (rather than up to two percent of total project costs); (4) authorize the Art Commission to utilize 20 percent of each art enrichment allocation for administrative costs, an increase of 300 percent from the current five percent allocation; (5) allow the Art Commission to pool project funds in specific situations; and, (6) authorize the Art Commission to set aside up to five percent of each project's art enrichment allocation for maintenance and conservation.

Comment:

This ordinance was continued at the April 24, 1996 Budget Committee meeting in order to permit further review by the Capital Improvement Advisory Committee under the direction of the Chief Administrative Officer. As of the writing of this report, amendments to the proposed ordinance are being prepared by the City Attorney.

The sponsor of this proposed ordinance has requested that the item be continued in order to allow completion of the review process.

Recommendation: Continue the proposed ordinance as requested by the sponsor.

Item 6 - File 101-95-48.1

Note: This item was continued by the Budget Committee at its meeting of April 24, 1996

Department: Art Commission

Item: Hearing to consider the release of reserved funds, in the amount of \$24,825, for emergency roof repair at the Bayview Opera House.

Amount: \$24,825

Source of Funds: Reserve for Art Commission
Cultural Centers \$197,448

Description: In February of 1996, the Board of Supervisors approved an ordinance appropriating \$201,348 to the Art Commission for various facilities maintenance improvements, and reserved an amount of \$197,448 pending the selection of contractors, the MBE/WBE status of the contractors, and submission of contract cost details (File 101-95-48).

Of the total reserved amount of \$197,448, the Art Commission is now requesting the release of \$24,825 for the emergency repair of the roof at the Bayview Opera House, resulting in a balance of \$172,623 of reserved funds. The Art Commission selected Garrison Roofing & General Construction Co., Inc., as the only bid received, through an informal solicitation process. Ms. Liz Lerma of the Art Commission advises that the emergency repair of the Bayview Opera House's roof is essential because every time it rains, the roof leaks onto the floors, hallways and stairways of the building. Section 6.28 of the Administrative Code authorizes department heads to approve construction contracts under \$50,000 after obtaining not less than three bids through an informal solicitation process. Ms. Lerma advises that the Art Commission only requested bid estimates from the two firms of Wong Roofing, and Garrison Roofing & General Construction Co., Inc. due to a misunderstanding regarding Section 6.28 of the Administrative Code. Ms. Lerma advises that of the two bids received, Garrison Roofing & General Construction Co., Inc. was selected based on their submission of the only bid that included the entire scope of requested repair services. Garrison Roofing & General Construction Co., Inc. is an MBE firm.

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Comment:

Ms. Lerma advises that the Art Commission is requesting that this item be continued to the call of the Chair in order to allow the Art Commission additional time to comply with Section 6.28 by conducting a second informal solicitation process requesting at least three bid estimates for the subject repair. Ms. Lerma advises that Garrison Roofing & General Construction Co. Inc. would be asked to resubmit a bid for the proposed repair work.

Recommendation: Continue this item to the call of the Chair as requested by the Art Commission.

Item 7 - File 97-96-26

Departments: Airport
City Attorney

Item: Ordinance amending Chapter 10, Article II of the Administrative Code, by adding Sections 10.25 and 10.25-11, to (1) authorize the Airports Commission, based on the recommendation of the City Attorney, to settle or dismiss, without subsequent approval of the Board of Supervisors, any legal proceedings involving the Airport including, but not limited to, litigation, judgments, or enforcement proceedings, if such settlements do not exceed \$100,000, and (2) authorize the City Attorney, with the consent of the Airports Commission, to settle or dismiss unlitigated claims or demands not exceeding \$100,000, without subsequent approval of the Board of Supervisors.

Description: The existing City Charter authorizes the City Attorney, upon approval of the Airports Commission, to settle or dismiss all legal proceedings involving the Airport including, but not limited to, litigation, judgments, or enforcement proceedings, in any amount, without subsequent approval of the Board of Supervisors. Under the new City Charter, which becomes effective July 1, 1996, the settlement or dismissal of all legal proceedings, including proceedings involving the Airport, upon recommendation of the City Attorney, must be approved by the Board of Supervisors. Such legal proceedings include but are not limited to, litigation, judgments, or enforcement proceedings brought for or against the City.

Ms. Mara Rosales, the Airport's General Counsel, advises that the City Attorney believes that the requested provisions of the proposed ordinance, which would authorize the Airports Commission, on the recommendation of the City Attorney, and which would authorize the City Attorney, with the consent of the Airports Commission, to settle various claims, without subsequent approval of the Board of Supervisors, if such claims do not exceed \$100,000, are reasonable because the Airport has undertaken a \$2.4 billion expansion program, which may result in an increased number of claims against the Airport. According to Ms. Rosales, given this anticipated increase in claims, it would be in the best interest of the Airport, from the standpoint of effectively negotiating and settling claims and maintaining an efficient process, for the Airport to be able to settle claims which do not exceed \$100,000, without subsequent approval of the Board of Supervisors.

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The proposed ordinance would amend the Administrative Code to add two new Sections, as follows:

Section 10.25-10 - Under this Section, the Airports Commission would be authorized, on the recommendation of the City Attorney, to settle, dismiss or compromise any legal proceedings involving the Airport including, but not limited to, litigation, judgments or enforcement proceedings, in which the amount of such proceedings does not exceed \$100,000, without subsequent approval of the Board of Supervisors.

Section 10.25-11 - This Section would authorize the City Attorney, with the consent of the Airports Commission, to settle, dismiss or compromise unlitigated claims (claims not filed with the Court) which do not exceed \$100,000, without subsequent approval of the Board of Supervisors.

Comment:

Ms. Rosales points out that under the existing Charter, the Airport presently can settle all of its claims in any amount without the approval of the Board of Supervisors. Therefore, according to Ms. Rosales, the City Attorney believes that this proposed legislation, authorizing the Airport to settle claims, which do not exceed \$100,000, without subsequent approval by the Board of Supervisors, is reasonable.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 8 - File 97-96-22

Department: City Attorney

Item: Ordinance amending Chapter 10, Article II, of the Administrative Code amending Sections 10.20-9, 10.21, 10.22, 10.22-1, 10.24, and 10.25, to provide that all litigated claims (claims filed with the Court) as well as unlitigated claims (claims not filed with the court) can be settled by the City Attorney, without subsequent approval by the Board of Supervisors, if the amount of the settlement is under \$15,000, rather than continuing with the existing requirement that all such claims which do not exceed \$5,000 can be settled by the City Attorney, without subsequent approval by the Board of Supervisors.

Description: Pursuant to the new Charter, the City Attorney's Office, effective July 1, 1996, will assume the responsibility from MUNI for processing all of MUNI's claims. Presently, MUNI is authorized to settle all of its claims which are under \$15,000, without approval of the Transportation Commission, and without subsequent approval of the Board of Supervisors. In contrast to MUNI claims, the City Attorney is currently only authorized to settle claims, without subsequent approval by the Board of Supervisors, if the claims do not exceed \$5,000. The City Attorney believes that it is reasonable for the City Attorney, to now be authorized to settle all claims, if such claims are under \$15,000, without subsequent approval of the Board of Supervisors.

The proposed ordinance would amend Chapter 10, Article II of the Administrative Code to provide that the City Attorney would be able to adjust, pay and settle all claims, without subsequent approval by the Board of Supervisors, if the amount of the settlement is under \$15,000. Presently, the City Attorney can settle all claims, except for the claims of the Municipal Railway, without subsequent approval of the Board of Supervisors, only if the amount of the claims does not exceed \$5,000.

Comments: 1. According to Mr. Pat Mahoney of the City Attorney's Office, the City Attorney also believes the proposed ordinance is reasonable for the following reasons:

(a) The City Attorney's authority to settle all claims which do not exceed \$5,000, without subsequent approval by the Board of Supervisors, was authorized in 1986. The City Attorney believes that, since the value of claims have increased since 1986, an increase in the amount of the

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DOCUMENTS DEPT.

Item 8 - File 97-96-22

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PUBLIC LIBRARY

Department: City Attorney

2/96 Item: Ordinance amending Chapter 10, Article II, of the Administrative Code amending Sections 10.20-9, 10.21, 10.22, 10.22-1, 10.24, and 10.25, to provide that all litigated claims (claims filed with the Court) as well as unlitigated claims (claims not filed with the court) can be settled by the City Attorney, without subsequent approval by the Board of Supervisors, if the amount of the settlement is under \$15,000, rather than continuing with the existing requirement that all such claims which do not exceed \$5,000 can be settled by the City Attorney, without subsequent approval by the Board of Supervisors.

Description: Pursuant to the new Charter, the City Attorney's Office, effective July 1, 1996, will assume the responsibility from MUNI for processing all of MUNI's claims. Presently, MUNI is authorized to settle all of its claims which are under \$15,000, without approval of the Transportation Commission, and without subsequent approval of the Board of Supervisors. In contrast to MUNI claims, the City Attorney is currently only authorized to settle claims, without subsequent approval by the Board of Supervisors, if the claims do not exceed \$5,000. The City Attorney believes that it is reasonable for the City Attorney, to now be authorized to settle all claims, if such claims are under \$15,000, without subsequent approval of the Board of Supervisors.

The proposed ordinance would amend Chapter 10, Article II of the Administrative Code to provide that the City Attorney would be able to adjust, pay and settle all claims, without subsequent approval by the Board of Supervisors, if the amount of the settlement is under \$15,000. Presently, the City Attorney can settle all claims, except for the claims of the Municipal Railway, without subsequent approval of the Board of Supervisors, only if the amount of the claims does not exceed \$5,000.

Comments: 1. According to Mr. Pat Mahoney of the City Attorney's Office, the City Attorney also believes the proposed ordinance is reasonable for the following reasons:

(a) The City Attorney's authority to settle all claims which do not exceed \$5,000, without subsequent approval by the Board of Supervisors, was authorized in 1986. The City Attorney believes that, since the value of claims have increased since 1986, an increase in the amount of the

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settlement that the City Attorney should be authorized to approve, without subsequent approval of the Board of Supervisors, is warranted.

(b) If the amount of the claims that the City Attorney would be authorized to approve, without subsequent approval of the Board of Supervisors, is increased to an amount under \$15,000, fewer claims would have to be submitted to the Board of Supervisors, thereby expediting payment to the public for legitimate claims.

(c) The ability to pay claims promptly facilitates the resolution of many disputes.

(d) The transfer of responsibility for settling MUNI claims, none of which are now subject to approval by the Board of Supervisors, to the City Attorney, will effectively double the number of claims to be submitted to the Board of Supervisors, under the provisions of the new Charter.

Comment:

Item 7, File 97-96-26 of this report is a proposed ordinance, which would in part authorize the City Attorney, with the consent of the Airports Commission, to settle, dismiss, or compromise unlitigated claims which do not exceed \$100,000. The City Attorney's Office advises that should the Board of Supervisors choose to approve that ordinance (File 97-96-26), then this proposed subject ordinance (File 97-96-22) should be amended to provide that the City Attorney would be able to adjust, pay and settle all claims under \$15,000, with the exception of the Airport, where claims under \$100,000 could be settled without subsequent approval of the Board of Supervisors.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 9 - File 97-96-23

Departments: City Attorney's Office
Municipal Railway (MUNI)

Item: Ordinance amending Chapter 10, Article XV of the Administrative Code by (1) deleting Section 10.150, thereby eliminating the MUNI Cash Revolving Fund in accordance with the provisions of the new City Charter which becomes effective on July 1, 1996, and (2) amending Section 10.136-1 of the Administrative Code to increase the Cash Revolving Fund in the City Attorney's Bureau of Claims by \$270,473 from \$100,000 to \$370,473, reflecting the transfer of MUNI claims processing to the City Attorney's Office, effective July 1, 1996.

Description: The proposed ordinance would (1) delete Section 10.150 of the Administrative Code to eliminate the MUNI's Cash Revolving Fund in the amount of \$368,516 and (2) amend Section 10.136-1 of the Administrative Code to increase the amount of the City Attorney's Office's Cash Revolving Fund by \$270,473 from \$100,000 to \$370,473, effective July 1, 1996, the effective date of the new City Charter. These Cash Revolving Funds are used by the two departments to pay for claims against the City.

Pursuant to the new City Charter, the City Attorney's Office, effective July 1, 1996, will assume responsibility from MUNI for processing all of MUNI's claims. As such, MUNI will no longer require a Cash Revolving Fund for payment of claims against the City. Accordingly, the proposed ordinance would eliminate the MUNI's Cash Revolving Fund totaling \$368,516 and increase the amount of the City Attorney's Office's Cash Revolving Fund by \$270,473 from \$100,000 to \$370,473 in order for the City Attorney's Office to have sufficient monies to pay for claims associated with MUNI. The \$270,473 proposed increase to the City Attorney's Office is based on the balance in the MUNI's Cash Revolving Fund as of April of 1996.

Comment: The City Attorney's Office advises that any balance in MUNI's Cash Revolving Fund would be transferred to the City Attorney's Office's Cash Revolving Fund effective July 1, 1996. According to Mr. John Madden of the Controller's Office, this transfer of funds would not require a supplemental appropriation ordinance.

Recommendation: Approve the proposed ordinance.

Item 10 - File 101-95-75

Department: Department of Public Health (DPH)
Community Health Services (CHS)
Division of Mental Health, Substance Abuse and Forensics (DMSF)
Laguna Honda Hospital (LHH)
San Francisco General Hospital (SFGH)

Item: Ordinance appropriating \$13,281,832 in various new State revenues and \$8,758,971 in revenue and expenditure contribution transfers for a total request of \$22,040,803 to address a projected deficit at the Department of Public Health for Fiscal Year 1995-96.

Amount: \$22,040,803

Source of Funds: Increased Revenues and Decreased Expenditures by Fund
General Fund
Increased State AB 320 Mental Health Realignment Funds \$6,074,311
Decreased Contribution Transfer to San Francisco General Hospital 2,880,601
Subtotal - General Fund \$8,954,912

Laguna Honda Hospital Operating Fund
Increased State Health Realignment Growth Funds 3,000,000
Increased General Fund Contribution 5,878,370
Subtotal - Laguna Honda Fund \$8,878,370

San Francisco General Hospital Operating Fund
Increased State Legalization Impact Assistance Grant (SLIAG) 1,805,666
Increased Medi-Cal Net Revenue 2,401,855
Subtotal - SFGH Fund \$4,207,521

Total Sources \$ 22,040,803

Summary of Uses: Revenue Shortfalls and Increased Expenditures by Fund
General Fund
Mental Health - Short-Doyle and Medi-Cal Revenue Shortfall \$3,076,542
Increased General Fund Contribution Transfer to Laguna Honda Hospital 5,878,370
Subtotal - General Fund \$8,954,912

Summary of Uses: Revenue Shortfalls and Increased Expenditures by Fund (Continued)

<u>Laguna Honda Hospital Operating Fund</u>	
Medi-Cal Revenue Shortfall	\$5,878,370
Increased Miscellaneous Salaries, Nurses	
Salaries and Fringe Benefits	<u>3,000,000</u>
Subtotal - Laguna Honda Fund	\$8,878,370

<u>San Francisco General Hospital Operating Fund</u>	
Decreased General Fund Contribution	\$2,880,601
Increased Nurses Salaries and Fringe Benefits	<u>1,326,920</u>
Subtotal - SFGH Fund	\$4,207,521

Total Uses	\$22,040,803
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Description:

The Department of Public Health (DPH) is projecting a budgetary deficiency of \$14.1 million for FY 1995-96. This amount is based on (a) a projected revenue shortfall of \$16.8 million resulting from the inability of the Department to implement certain revenue enhancement programs during FY 1995-96 and (b) an estimated expenditure deficiency of \$5.5 million due to the inability of the Department to meet its FY 1995-96 salary savings requirement of nine percent of permanent salaries, for a total projected deficit of \$22.3 million. This projected deficit of \$22.3 million is expected to be partially offset by an estimated savings of \$8.2 million in existing surpluses of unexpended personnel and non-personnel budgeted expenditures, resulting in a net projected deficit of \$14.1 million for FY 1995-96. The proposed legislation requests the appropriation of \$22,040,803 for the appropriate accounting adjustments of the receipt of new revenues, as well as the contribution transfers of various funds throughout the department.

The proposed supplemental appropriation ordinance would appropriate \$13,281,832 in new, previously unanticipated revenues from the State in order to partially offset DPH's estimated net deficit of \$14.1 million, thereby leaving a deficit remaining of approximately \$818,168 for FY 1995-96 (see Comment No. 2).

The following table summarizes the projected net deficit of \$14.1 million by DPH Division.

	<u>Projected Revenue Surplus/ (Shortfall)</u>	<u>Projected Underspending/ (Overspending)</u>	<u>Net Total Surplus/ (Deficit)</u>
CHS	(\$3,200,000)	\$3,834,000	\$634,000
DMSF	(5,500,000)	2,356,000	(3,144,000)
LHH	(8,300,000)	(2,000,000)	(10,300,000)
SFGH	<u>200,000</u>	<u>(1,500,000)</u>	<u>(1,300,000)</u>
Total	(\$16,800,000)	\$2,690,000	\$14,110,000

The reasons for the projected deficit are summarized by DPH Division as follows:

Community Health Services (CHS)

The projected deficit at CHS is based on overexpending its personnel budget, and from revenue shortfalls resulting from lower than expected Federally Qualified Health Center Medi-Cal revenues. However, because of previously budgeted unexpended funds in other areas, CHS is projecting a year-end surplus of \$634,000.

Division of Mental Health, Substance Abuse and Forensics (DMSF)

The projected deficit at DMSF is a result of revenue shortfalls from Medi-Cal, Medi-Cal Targeted Case Management and Short-Doyle billing deficiencies.

Laguna Honda Hospital (LHH)

The projected deficit at LHH is attributable to overstating its revenue budget, and overstating its occupancy and mix of Medi-Cal patients. In addition, LHH will overspend its personnel budget. The projected FY 1995-96 assumes no further new hiring would occur during FY 1995-96. The supplemental appropriation adds \$3.0 million to Nurses Salaries and Fringe Benefits. This amount is expected to be offset by \$1.0 million in other underexpended accounts.

San Francisco General Hospital (SFGH)

The projected deficit at SFGH results from overexpending its personnel budget. In addition, the SFGH approved FY 1995-96 budget anticipated significant acute care expenditure reductions which will not be realized in the current fiscal year.

Comments:

1. As noted above, the proposed ordinance requests the appropriation of \$22,040,803. The \$22,040,803 is comprised of the \$13,281,832 of new State revenues, plus \$8,758,971 in revenue and expenditure contribution transfers. The revenue and expenditure contribution transfers represent the movement of revenues and expenditures from and to the various DPH funds detailed in the sources and uses of funds.

2. As noted, the \$13,281,832 million in new revenues applied to the projected \$14.1 million in DPH's would leave an \$818,168 remaining shortfall. According to Ms. Sarah Ecker of the DPH, this \$818,168 remaining deficit would be met by various actions throughout the DPH, including a hiring freeze at LHH, which has been in place since January, 1996.

3. Ms. Ecker reports that there have been no direct service impacts from the current projected deficit. However, Ms. Ecker reports that significant reductions in expenditures would have to occur without the proposed supplemental appropriation request, which would impact on services.

Recommendation: Approve the proposed ordinance.

Items 11, 12 and 13 - Files 142-96-1, 142-96-1.1 and 142-96-1.2

Department: Public Utilities Commission (PUC)

Item: Water Department Rates for Retail and Wholesale Customers

Description: 1. File 142-96-1 is a resolution making a finding that no tax subsidy will be required by the San Francisco Water Department by reason of approval of a proposed revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. File 142-96-1.1 is a resolution approving the revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas; File 142-96-1.2 is a resolution disapproving the revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. Since the Board of Supervisors can only accept or reject the San Francisco Water Department's revised schedule of rates to be charged for retail water service in San Francisco and suburban areas, one of these latter two resolutions (Files 142-96-1.1 or 142-96-1.2) should be approved and one should be disapproved.

2. The Board of Supervisors can only approve or disapprove the rate schedules submitted by the Public Utilities Commission. The proposed rate schedules cannot be amended by the Board. If the Board wishes to approve the proposed schedule of rates (File 142-96-1.1) a majority vote is required. If the Board wishes to disapprove the proposed schedule of rates (i.e., by approving the resolution contained in File 142-96-1.2) a two-thirds vote is required.

3. In addition to retail water services provided to San Francisco and suburban customers, the San Francisco Water Department delivers water on a wholesale basis to 30 water agencies outside the City and County of San Francisco (suburban resale customers). In 1984, the Department and its suburban resale customers approved a settlement agreement and master water sales contract. That agreement, which was approved by the Board of Supervisors, resolved litigation pending since 1974 and established a method by which suburban resale rates are calculated each year. Under that agreement, cost accounting and rate setting is divided and based on the distinct costs of providing water services to City retail customers as opposed to "Suburban Resale" customers who purchase water on a wholesale basis. The City sets the wholesale water rates to recover all costs associated with providing water to the Suburban Resale Customers, plus a rate

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of return on all debt funded assets and future revenue funded assets.

Because current projected revenue for service to Suburban Resale customers slightly exceeds projected costs of providing such services (see the attachment to this report), the PUC is proposing no increase in wholesale rates for Suburban Resale customers. Wholesale rates to Suburban Resale customers were last increased (by 18.9 percent) effective July 1, 1994.

4. The PUC has recommended an average water rate increase of 9.4 percent for the City's retail customers and its retail customers in suburban areas, effective July 1, 1996. The table on the next page shows the effect of this increase on typical retail customers of the San Francisco Water Department. The last retail rate increase of 14.66 percent was adopted by the PUC and the Board of Supervisors effective July 1, 1994. The 1994 rate increase was the fifth in a series of five annual rate increases in amounts of between 14 percent and 15 percent that was approved by the Board of Supervisors as a financing plan for to produce revenue required to support revenue bond financing of capital projects.

The table below shows the effect of the proposed rate increase on monthly water bills, which under this proposed rate increase would begin July 1, 1996, for various classes of retail water customers in San Francisco.

**COMPARISON OF CURRENT MONTHLY WATER RATES
VS. THE PUC RECOMMENDED
9.4 PERCENT WATER RATE INCREASE; TYPICAL SAN FRANCISCO CUSTOMERS**

Type	Estimated Units of Consumption*	Current Monthly Water Charges	PUC Recommended Monthly Water Charges	PUC Recommended Increase in Monthly Water Charges	% Increase
Average Single-Family	7	\$11.39	\$12.46	\$1.07	9.4%
12 Unit Apartment	29	46.73	51.12	4.39	9.4%
Large Apartment	307	452.49	494.96	42.47	9.4%
Apartment Complex	2,224	2,788.68	3,051.72	263.04	9.4%
Residential Hotel	517	651.49	712.76	61.27	9.4%
Restaurant	378	465.66	509.44	43.78	9.4%
Large Office Building	575	766.05	838.00	71.95	9.4%
Department Store	1,286	1,597.92	1,748.08	150.16	9.4%
Hospital	2,264	2,835.48	3,102.92	267.44	9.4%

* One unit equals 748 gallons of water.

5. San Francisco retail water customers are charged for Water rates and Sewer Service Charge rates on a single statement that is billed by the Water Department. The average single family San Francisco residence uses 700 cubic feet of water per month (approximately 175 gallons per day). The table below illustrates the combined cost impact on the average single family residence that would result from this PUC recommended water rate increase of 9.4 percent and the CAO recommended increase in Sewer Service rates of 6.5 percent for FY 1996-97 that is now pending before the Board of Supervisors. (File 21-96-1).

Combined Cost Impact of Proposed Water and Sewer Rate Increases on a Typical Single Family Residence in San Francisco

	<u>Current Monthly Charge</u>	<u>Proposed Monthly Charge</u>	<u>Increase</u>	<u>% Increase</u>
Water Rates	\$ 11.39	\$ 12.46	\$ 1.07	9.4%
Sewer Service Rates	<u>\$ 21.79</u>	<u>\$ 23.20</u>	<u>\$ 1.41</u>	<u>6.5%</u>
Total Bill	\$ 33.18	\$ 35.66	\$ 2.48	7.5%

6. The table below provides the results of the Water Department's survey of rates for water suppliers in the Bay Area. This survey compares San Francisco's current and proposed retail rates with rates charged by the other water suppliers. Of the ten water suppliers, including San Francisco, the PUC's recommended water rates would be the fourth lowest for single-family residential and multi-family residential customers and the fifth lowest for commercial customers.

Comparison Of Typical Monthly Water Bills

<u>Water Provider</u>	<u>Date Adopted</u>	<u>Single-Family Residential</u>	<u>Multi-Family Residential</u>	<u>Commercial</u>
San Francisco Existing Rate	7/1/94	\$11.39	\$36.20	\$105.10
San Francisco Proposed Rate (9.4% increase)		12.46	39.60	115.00
Alameda City Water District	2/15/96	12.04	37.03	103.83
Contra Costa Water District	1/1/96	31.10	74.67	382.03
Daly City	9/1/95	15.50	71.60	196.60
East Bay MUD	1/1/96	13.74	42.86	111.40
Hayward	7/1/95	12.25	44.80	148.55
Marin Municipal Water District	6/24/93	22.74	117.10	176.58
Palo Alto	7/1/95	13.10	41.20	101.30
San Jose	1/1/95	14.81	30.20	134.00
Santa Clara	7/1/94	10.99	31.40	93.50

7. In addition to retail water rates, the proposed resolution also calls for the following service fee adjustments:

- New fee for late payment after 30 days equal to 0.5% of balance owed plus \$3.00;
- Return check charge increased from \$10.00 to \$15.00;
- Lien fee on property equal to the greater of 10% of the balance owed or \$50.00 as required by the Administrative Code;
- New charge of \$12.00 assessed for 48 hour notice prior to service shut-off for non-payment;
- Charge for shut-off/turn-on reduced from \$25.00 to \$12.00 during normal business hours; a \$25.00 charge assessed at all times other than normal business hours; separate charge assessed for each occurrence;
- Lock charge of \$13.00 assessed for shut-offs for non-payment.

8. The proposed 9.4 percent Water Rate increase is estimated to produce approximately \$5.4 million in additional revenue, at current water consumption rates, in Fiscal Year 1996-97. The Attachment to this report summarizes the calculation of the required rate adjustment based upon estimated revenues and total PUC recommended operating budget and capital expenditures in Fiscal Year 1996-97. The PUC has approved, and submitted to the Mayor, a 1996-97 budget request of \$129.8 million. In addition, the PUC has approved, but not funded, additional capital requirements of approximately \$49.8 million. Total spending needs are therefore approximately \$179.6 million.

These PUC approved spending requirements are to be funded by regular revenues of approximately \$128 million, available fund balance of approximately \$2.6 million, rescissions of existing capital project appropriations amounting to \$18 million, and anticipated bond proceeds of \$26.7 million or a total of \$175.3 million. The addition of approximately \$5.4 million in new revenue, based on the proposed 9.4 percent water rate increase, would result in total revenue sources of \$180.7 million, resulting in a yearend reserve of approximately \$1.1 million. (Total revenue of \$180.7 million less total spending of \$179.6 million). This reserve amount is less than one percent of the Water Department's budget.

The table below summarizes the PUC's proposed sources and uses of funds for Fiscal Year 1996-97. The Budget Analyst has reviewed and verified the projected fund balance and revenue estimates for the proposed spending plan and concurs with these estimates.

1996-97 SOURCES OF AND USES OF FUNDS

Total Revenues	\$128,063,000	
Available Fund Balance	2,575,806	
Capital Project Rescissions	18,039,530	
Anticipated Bond Proceeds	26,653,000	
Additional Revenue From Proposed Rate Increase	<u>5,408,723</u>	
Total Sources		\$180,740,059
Budgeted Expenditures	129,833,859	
Additional Capital Needs	<u>49,801,332</u>	
Total Uses		<u>179,635,191</u>
Projected Year End Reserve		\$1,104,868

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1 The PUC intends to submit a request for authorization to issue revenue bonds, in an amount of up to \$250 million, to the Board of Supervisors for the additional capital needs discussed above and other future capital improvements. The sale of a portion of the proposed revenue bond authorization will support the \$26.6 million amount shown in the summary table on the previous page to be applied to the part of the Water Department's total spending needs that has not yet been funded.

2. The PUC's proposed Water Department budget for Fiscal Year 1996-97 has not yet been recommended by the Mayor, and will then be sent to the Board of Supervisors with the Fiscal Year 1996-97 Mayor's Recommended Budget for the City. Reductions to the PUC's proposed budget could therefore be made prior to final approval. Such reductions would permit an increase to the projected year end reserve of \$1.1 million which, as noted above, is less than 1 percent of the Department's operating budget.

Recommendation: Approve the proposed resolution (Item 11, File 142-96-1) finding that no tax subsidy will be required by the San Francisco Water Department by reason of approval of a proposed revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas.

Approval of the proposed schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas is a policy matter for the Board of Supervisors.

If the Committee concurs with the PUC's proposal to increase water rates, approve Item 12, File 142-96-1. If the Committee disapproves the proposed water rate increases, approve Item 13, File 142-96-1.2.

**ESTIMATED REVENUES AND EXPENDITURES UNDER EXISTING RATES
FISCAL YEAR 1996-97**

	<u>CITY</u>	<u>SUBURBAN RESALE</u>	<u>TOTAL</u>
AVAILABLE FUNDS			
Beginning Balance	\$2,575,806		\$2,575,806
Balancing Account	(4,550,343)	4,550,343	0
Capital Project Deobligations	18,039,530		18,039,530
Bond Proceeds	26,653,000		26,653,000
Revenues from Sale of Water	56,365,000	57,098,000	113,463,000
Rents	5,000,000		5,000,000
Interest Income	3,200,000		3,200,000
Miscellaneous	<u>6,400,000</u>		<u>6,400,000</u>
Total Revenues	70,965,000	57,098,000	128,063,000
Total Available Funds	\$113,682,993	\$61,648,343	\$175,331,336
APPLICATION OF FUNDS			
Operating Costs	46,294,504	37,460,274	83,754,778
Debt Service	16,735,581		16,735,581
Facilities Maintenance	<u>29,343,500</u>		<u>29,343,500</u>
Subtotal Expenditures	92,373,585	37,460,274	129,833,859
Additional Capital Requirements	49,801,332		49,801,322
Suburban Depreciation Expense	(8,353,116)	8,353,116	0
Suburban Return	(15,224,029)	15,224,029	0
Interest	<u>493,944</u>	<u>(493,944)</u>	<u>0</u>
Total Application of Funds	\$119,091,716	\$60,543,475	\$179,635,191
Surplus or (Deficit)	(5,408,723)	1,104,868	(4,303,855)
Required Adjustment *	9.60%	(1.94%)	3.79%

* Required rate adjustment is the percentage value of the surplus or deficit amount as a percentage of revenues from the sale of water.

The 9.6% required increase in revenue is achieved through the 9.4% increase in water revenues plus other various fee adjustments.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 14 - File 127-96-3

Item: The proposed ordinance would amend Part III of the San Francisco Municipal Code to replace two existing sections, concerning Transient Occupancy Tax (Hotel Tax) surcharges which established surcharges of 2.75 percent and 1.75 percent (for a total surcharge of four percent), with a single surcharge of 6.0 percent, representing a net surcharge increase of 2.0 percent. The total Transient Occupancy Tax rate would therefore increase by 2.0 percent from the present level of 12 percent (consisting of the base rate of eight percent and the two surcharges totaling four percent) to 14 percent, consisting of the eight percent base Hotel Tax rate plus a single surcharge of 6 percent. The proceeds from the single Hotel Tax surcharge of 6 percent will be deposited to the General Fund and will be subject to appropriation approval by the Board of Supervisors in accordance with the budget and fiscal provisions of the Charter.

The proposed ordinance also amends the Hotel Tax provisions for sections of the Municipal Code that are applicable to certain Redevelopment Project Areas, increasing the Transient Occupancy Tax from 12 percent to 14 percent for Hotels in the Yerba Buena Center, Golden Gateway, Western Addition Area A-1 and A-2, the South of Market and the Chinese Cultural and Trade Center Project Areas. A portion of these Redevelopment Project Area Hotel Tax Funds are dedicated to debt service related to bond funded improvements to the Yerba Buena Center and the Moscone Center. The proceeds from the single 6 percent Hotel Tax surcharge in the Redevelopment Project Areas will be deposited to the General Fund and as noted above, will be subject to appropriation approval by the Board of Supervisors.

The effective date of the surcharge increase would be July 1, 1996.

- Description:**
1. The Board of Supervisors last increased the Hotel Tax rate by one percent (from 11 percent to 12 percent) in August of 1993.
 2. Of the current 12 percent Hotel Tax rate, revenues from the base 8 percent of the 12 percent rate are deposited in the Hotel Tax Fund and dedicated to specific programs. The revenues produced by the remaining 4 percent of the Hotel Tax rate (comprised of the two surcharges described above) are allocated to the General Fund.

Based on the Controller's current 1995-96 Transient Occupancy Tax revenue estimate and a projected growth rate of 6.5 percent for the 1996-97 Fiscal Year, the increased revenue from increasing the tax rate from 12 percent to 14 percent is approximately \$17.9 million, as detailed below.

Memo to Budget Committee
May 8, 1996

Current 1995-96 Hotel Tax Estimate at 12 % rate based on Controllers 8 month report	\$ 101,024,967
1996-97 Estimate at 12 % rate Based on 6.5% Hotel Tax Revenue Growth in Joint Report of Controller, Mayor and Budget Analyst	\$ 107,591,590
1996-97 Estimate at 14 % rate	\$ 125,523,521
Increased Annual Revenue due to 2% increase in the Hotel Tax rate	\$ 17,931,932

If this proposed legislation is approved, the new total Hotel Tax rate of 14 percent will consist of revenues dedicated to specific programs from the 8 percent base rate and revenues from a single Hotel Tax Surcharge rate of 6 percent. All revenues collected from the single 6 percent Hotel Tax Surcharge will be deposited to the City's General Fund.

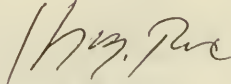
As noted above, if this proposed ordinance is approved, it will increase total General Fund resources, by approximately \$17.9 million annually, beginning in Fiscal Year 1996-97. Such revenues will be available for any new expenditures or capital projects and will not be obligated to any specific program or project.

For example, under the new Moscone Convention Center expansion project, the preliminary financing plan for the project would require a General Fund contribution of \$64.0 million between July, 1996 and July, 2000, or approximately \$16 million annually over that four-year period and a General Fund subsidy beginning in the year 2000 of \$15.0 to \$16.0 million, annually for debt service and operating costs, for up to 28 years thereafter during the period of bonded indebtedness. The bond issuance has been structured to pay off the debt for the expansion project as quickly as possible, depending on the amount of Hotel Tax funds which are available. The capital project would increase convention facility space by 300,000 feet to a total of approximately 900,000 square feet from the 600,000 square feet now in the existing Moscone Center Facility.

3. The attachment to this report presents survey information on hotel and lodging tax rates in U.S. Cities. This survey was provided to the Budget Analyst in September of 1995 by the Convention and Visitors Bureau.

Memo to Budget Committee
May 8, 1996

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

<u>Rank</u>	<u>City</u>	<u>Hotel/Lodging Tax %</u>	<u>Notes</u>
1	Columbus	15.75	
2	Seattle.....	15.2	
3	Houston	15	
4	Chicago.....	14.86	
5	Cleveland.....	14.5	
6	Detroit.....	14	
7	Los Angeles.....	14	
8	St. Louis	13.85	
9	Knoxville.....	13.25	
10	Memphis.....	13.25	
11	New York.....	13.25	Additional \$2.00 hotel fee per night
12	Anaheim.....	13	Tax increases 2% a of 7/1/95
13	Atlanta.....	13	
14	Austin.....	13	
15	Dallas.....	13	
16	Philadelphia.....	13	
17	San Antonio.....	13	
18	Washington, DC.....	13	\$1.50 hotel occupancy tax per night
19	Miami.....	12.5	
20	Nashville.....	12.25	
21	Atlantic City.....	12	
22	Baltimore.....	12	
23	Charlotte.....	12	
24	Minneapolis.....	12	Tax is 2% less for establishments under 50 rooms
25	Raleigh	12	
26	San Francisco.....	12	
27	Kansas City	11.98	
28	Denver.....	11.8	
29	Sacramento.....	11.5	
30	New Orleans.....	11	\$1-\$3 additional surcharge fee
31	Orlando.....	11	
32	Pittsburgh	11	
33	Riverside.....	11	
34	Jacksonville.....	10.5	
35	Norfolk.....	10.5	
36	San Diego.....	10.5	
37	Tampa.....	10.5	
38	Phoenix.....	10.35	
39	Cincinnati.....	10	
40	Daytona	10	
41	Indianapolis.....	10	
42	Oakland	10	
43	San Jose.....	10	
44	West Palm	10	
45	Boston	9.7	
46	Ft. Lauderdale.....	9	
47	Honolulu.....	9	
48	Portland	9	
49	Reno	9	
50	Las Vegas.....	8	

BOARD OF SUPERVISORS
BUDGET ANALYST

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5/6/96
CALENDAR

SPECIAL MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, MAY 8, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

PRESENT: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

ACTING CLERK: GAIL JOHNSON

1. File 97-96-25. [General Assistance Grant, FY 1996-97] Ordinance amending Administrative Code by amending Section 20.57 (General Assistance Ordinance) relating to the cost of living adjustment of aid grants. (Mayor)

ACTION: Hearing held. Recommended.

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OF SAN FRANCISCO

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BOARD OF SUPERVISORS**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

MAY 07 1996

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May 3, 1996

TO: Budget Committee**FROM:** Budget Analyst *Recommendation for meeting of***SUBJECT:** May 8, 1996 Special Budget Committee MeetingItem 1 - File 97-96-25

Item: Ordinance amending the San Francisco Administrative Code by amending Section 20.57 (General Assistance Ordinance) relating to the computation of aid grants.

Description: The proposed ordinance would amend the Administrative Code in order to suspend a scheduled cost of living adjustment (COLA) for General Assistance clients for Fiscal Year 1996-97. The maximum General Assistance grant amount is currently \$345 per month for a single individual (the grant is higher for families, depending on the number of eligible individuals in the household). If the proposed ordinance is adopted, the maximum General Assistance grant would not increase in 1996-97, but would remain at the current level of \$345 per month.

Under existing provisions of the City's Administrative Code, the General Assistance grant is scheduled to increase on July 1, 1996, based on the percent change in the Minimum Basic Standard of Adequate Care which is adopted annually by the State Legislature (see Comment 1 below).

The maximum monthly General Assistance (GA) grant amounts, under existing provisions of the Administrative Code, are as follows:

Memo to Budget Committee
May 8, 1996 Budget Committee Meeting

<u>No. of Eligible Persons in Same Family</u>	<u>Current Monthly Grant Amount</u>
Single Individual	\$ 345
2 Persons	567
3 Persons	703
4 Persons	834
5 Persons	952
6 Persons	1,070
7 Persons	1,175
8 Persons	1,281
9 Persons	1,388
10 Persons	1,508

The General Assistance grant level was last increased on July 1, 1992, when the maximum monthly grant amount for a single individual was increased by \$4.00, or approximately 1.2 percent, from \$341 to \$345. The Board of Supervisors has previously approved legislation, similar to this proposed legislation, to suspend the GA COLA for Fiscal Years 1993-94, 1994-95 and 1995-96.

Comments:

1. The City's Administrative Code ties the GA grant to the change in the State's Minimum Basic Standard of Adequate Care (MBSAC), which is calculated as 70 percent of the change in the California Necessities Index (CNI). Without action to suspend the COLA, General Assistance grant levels will increase automatically on July 1, 1996 in an amount equal to the percentage increase in the MBSAC for 1996-97, which is unknown at this point, but is anticipated to be between 1% and 2%.
2. The increase of 1 to 2 percent in the MBSAC for 1996-97, which would be used to determine the cost of living adjustment in the GA grant (unless the COLA is suspended pursuant to this proposed ordinance) would increase the maximum GA grant for a single individual in 1996-97 by approximately \$3 to \$6.00, from the current monthly grant level of \$345, to between \$348 to \$351. Considering all GA recipients, the Department of Social Services estimates that such a COLA would result in increased GA expenditures in Fiscal Year 1996-97 of approximately \$450,000 to \$900,000, which are funded 100 percent by the City's General Fund.
3. Ms. Sally Kipper, Assistant General Manager of the Department of Social Services (DSS), previously advised the Budget Analyst that, prior to 1990, the State increased grant amounts in the Aid to Families with Dependent Children (AFDC) program based on changes in the MBSAC. However,

Ms. Kipper stated that AFDC and Social Security Income (SSI) COLAs have been suspended by the State Legislature since July 1, 1990. Ms. Julie Murray Brenman advises that such COLAs will be suspended again in 1996-97. In addition, Ms. Murray Brenman reports that the State Legislature has also reduced the AFDC grant amount by approximately 14.8 percent since July 1, 1990, and that the Governor has proposed a further decrease of 4.5 percent in the AFDC grant level for 1996-97. Given these factors, it is unlikely that the State will increase AFDC payments in 1996-97 based on the change in the MBSAC.

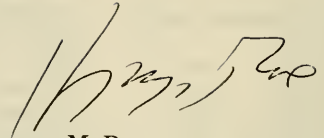
4. Ms. Kipper previously reported that because GA programs differ from county to county, and each county is able to develop a program to suit its own needs, many counties do not have GA program COLA provisions that are automatically tied to the MBSAC, as San Francisco does. Ms. Kipper advised that some counties tie their GA grants to the dollar value of the State's AFDC grants, which has resulted in GA grant reductions. Ms. Kipper previously reported that Los Angeles County suspended its GA COLA for a five year period of time, that San Diego County has suspended its GA COLA beginning in 1988-89, and that Alameda County has suspended its GA COLA beginning in 1989-90. Ms. Murray Brenman advises that Alameda County has recently approved a reduction in its GA grant to \$221. Ms. Kipper previously advised that, to her knowledge, no California counties have increased the GA grant level over the past two to three years.

5. In summary, approval of the proposed ordinance would result in suspending the scheduled cost of living adjustment for GA recipients for Fiscal Year 1996-97, which would otherwise be expected to be increased by between 1 and 2 percent. Such a suspension would result in General Fund savings estimated by DSS at between \$450,000 to \$900,000 for Fiscal Year 1996-97. Approval of this proposed ordinance would be consistent with the Board's approval of similar legislation for the current Fiscal Year of 1995-96.

6. Ms. Murray Brenman advises that the average monthly grant level for a single individual among the Bay Area counties is currently \$284 as compared to the present and proposed San Francisco grant level of \$345.

Recommendation: Approval of the proposed ordinance to suspend the Fiscal Year 1996-97 cost of living adjustment for General Assistance recipients is a policy matter for the Board of Supervisors.

Memo to Budget Committee
May 8, 1996 Budget Committee Meeting



Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

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MINUTES

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, MAY 15, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

ABSENT: Supervisor Bierman for action on all items, except Item 7.

ACTING CLERK: Joni Blanchard

Meeting Commenced: 1:10 p.m.

1. File 127-96-5. [Summer Youth Employment Credit] Ordinance amending Part III, Articles 12-A (the Payroll Expense Tax Ordinance) and 12-B (the Business Tax Ordinance) of the Municipal Code to add Sections 906-C and 1005.7, respectively, to provide for credits against those taxes for businesses hiring youths between the ages of 14 and 21 for the summer; and providing that the provisions of these credits expire on December 31, 2001. (Supervisors Yaki, Leal, Ammiano, Bierman, Teng, Alioto, Kaufman)

SPEAKERS: None.

ACTION: Consideration continued to 5/22/96.

2. File 101-95-76. [Appropriation, Fire Department] Ordinance appropriating \$2,265,000, Fire Department, from the General Fund Reserve for salaries, fringe benefits, services of other departments (Workers Compensation) and facilities maintenance for Fiscal Year 1995-96. RO #95195. (Controller)

SPEAKERS: Harvey Rose, Budget Analyst - provided information; Ray Connors, SFFD, Commission Secretary - support.

ACTION: Hearing held. Amended on page 1, lines 1, 10, and 25 to replace "\$2,265,000" with "\$1,984,126"; amended on page 1, line 13 to replace "\$1,207,389" with "\$1,128,622"; amended on page 1, line 15 to replace "\$315,000" with "\$262,829"; amended on page 1, line 19 to replace "\$105,000" with "- 0 -"; and amended on page 1, line 20 to replace "\$337,611" with "\$292,675" (SEE NEW TITLE). Recommended as amended.

New Title: [Appropriation, Fire Department] Ordinance appropriating \$1,984,126, Fire Department, from the General Fund Reserve for salaries, fringe benefits, services of other departments (Workers Compensation) and facilities maintenance for Fiscal Year 1995-96. RO #95195. (Controller)

3. File 101-95-77. [Appropriation, Fire Department] Ordinance appropriating \$45,000, Fire Department, of Fire Plan Checking Revenue for the purchase of computer equipment for Fiscal Year 1995-96. RO #95178. (Controller)

SPEAKERS: Harvey Rose, Budget Analyst – provided information; Aaron C. Stevenson, SFFD, Assistant Chief – support.

ACTION: Hearing held. Amended on lines 1, 11, 13, and 15 to replace "\$45,000" with "\$43,966" (SEE NEW TITLE). Recommended as amended.

New Title: [Appropriation, Fire Department] Ordinance appropriating \$43,966, Fire Department, of Fire Plan Checking Revenue for the purchase of computer equipment for Fiscal Year 1995-96. RO #95178. (Controller)

4. File 241-96-1. [ABAG Finance Authority Membership] Resolution approving, authorizing and directing the execution and delivery of a Joint Exercise of Powers Agreement relating to the ABAG Finance Authority for Nonprofit Corporations, acknowledging and approving the by-laws thereof (including an indemnity contained therein), appointing a representative to the governing board thereof, authorizing the Board of Supervisors or the Mayor's Office to hold public hearings required by Section 147(f) of the Internal Revenue Code of 1986 in connection with projects to be located within the City and finance by the ABAG Finance Authority for Nonprofit Corporations, and designating either the Board of Supervisors or the Mayor as the applicable elected representative for purposes of Section 147(f) of the Internal Revenue Code of 1986. (Supervisors Kaufman, Hsieh)

SPEAKER: Laura Wagner-Lockwood, Chief Administrative Office, Public Finance – support.

ACTION: Hearing held. Amended on page 3, line 14, to insert "Kaufman" between "Supervisor" and "is". Recommended as amended.

NOTE: SUPERVISOR HSIEH ADDED AS CO-SPONSOR.

5. File 241-96-2. [Final Negative Declaration] Resolution adopting Final Negative Declaration, finding and determining that a reclassification from a P (Public) to an NC-3 (Moderate-Scale Neighborhood Commercial) District, conversion of a vacant, approximately 185,000 gross square foot office building to a school for students from pre-kindergarten through twelfth grade (National Center for International Schools), demolition of existing structures and construction of a gymnasium, and provision of parking for 115 automobiles for the property located at 129 and 150 Oak Street and 289 Fell Street, Assessor's Block 833, Lots 3 and 15 and Assessor's Block 837, Lots 18, 19 and 20, will have no significant impact on the environment, and adopting and incorporating findings of Final Negative Declaration. (Supervisors Kaufman, Hsieh)

SPEAKER: Laura Wagner-Lockwood, Chief Administrative Office,
Public Finance – support.

ACTION: Hearing held. Recommended.

NOTE: SUPERVISOR HSIEH ADDED AS CO-SPONSOR.

6. File 241-96-3. [TEFRA AND NCIS Project Approval] Resolution approving the execution and delivery of not to exceed \$22 million aggregate principal amount of certificates of participation for the financing of the National Center for International Schools Project. (Supervisors Kaufman, Hsieh)

SPEAKER: Laura Wagner-Lockwood, Chief Administrative Office,
Public Finance – support.

ACTION: Hearing held. Recommended.

NOTE: SUPERVISOR HSIEH ADDED AS CO-SPONSOR.

7. File 97-96-26. [Settlement of Airport Claims/Legal Proceedings] Ordinance amending Administrative Code, by adding Sections 10.25-10 and 10.25-11, authorizing the Airports Commission upon the recommendation of the City Attorney to settle or dismiss any legal proceeding involving property or matter under its jurisdiction and which does not exceed \$100,000 and also authorizing the City Attorney, with the consent of the Airports Commission, to settle or dismiss Airport claims or demands not exceeding \$100,000. (Airports Commission)
(Consideration continued from 5/8/96)

SPEAKERS: Harvey Rose, Budget Analyst – provided information; Mara Rosales-Cordova, City Attorney, S.F. Airport – support;
John Martin, Director, S.F. Airport – support.

ACTION: Hearing held. Amendment of the Whole (as presented by City Attorney with new title) adopted (SEE NEW TITLE).
Recommended as amended.

New Title: [Settlement of Airport Claims/Legal Proceedings] Ordinance amending Administrative Code, by adding Sections 10.25-10 and 10.25-11, authorizing the Airports Commission upon the recommendation of the City Attorney to settle or dismiss any legal proceeding involving: (1) construction contract; or (2) property or matter under the Airports Commission jurisdiction unrelated to a construction contract which does not exceed \$100,000; and also authorizing the City Attorney, with the consent of the Airports Commission, to settle or dismiss Airport claims or demands involving: (1) a construction contract; or (2) property or matter unrelated to a construction contract which does not exceed \$100,000. (Airports Commission)

8. File 97-96-22. [Unlitigated Claims Under \$15,000] Ordinance amending Administrative Code Sections 10.20-9, 10.21, 10.22, 10.22-1, 10.24 and 10.25, to provide that all unlitigated claims involving the City and County of San Francisco may be settled without the approval of the Board of Supervisors if the amount of the settlement is under \$15,000, rather than the previous requirement that the settlement amount be under \$5,000. (Supervisor Shelley) (Consideration continued from 5/8/96)

SPEAKERS: Ray King, City Attorney's Office – provided information;
Mindy Linetzky, Legislative Aide, Supervisor Shelley – requested continuance.

ACTION: Hearing held. Amendment of the Whole (as presented by City Attorney with same title) adopted. Consideration continued to the Call of the Chair.

9. File 97-96-23. [Revolving Funds – Municipal Railway Claims] Ordinance amending Administrative Code by repealing Section 10.150 thereby eliminating Cash Revolving Funds for the Municipal Railway, consistent with the provisions of the revised City Charter and by amending Section 10.136-1 to increase by \$270,473 (to a total of \$370,473) the funds held in the Bureau of Claims of the Office of the City Attorney, reflecting the transfer of Municipal Railway claims processing to the City Attorney's Office, effective July 1, 1996. (Supervisor Shelley) (Consideration continued from 5/8/96)

SPEAKERS: Ray King, City Attorney's Office – provided information;
Mindy Linetzky, Legislative Aide, Supervisor Shelley – requested continuance.

ACTION: Hearing held. Amendment of the Whole (as presented by City Attorney with new title) adopted (SEE NEW TITLE).
Consideration continued to the Call of the Chair.

New Title: [Revolving Funds – Municipal Railway Claims]
Ordinance amending Chapter 10, Article XV of the San Francisco Administrative Code by amending Section 10.150, thereby reducing cash revolving funds for the Municipal Railway by \$270,473 (to a total of \$98,043), consistent with the provisions of the revised City Charter, and by amending Section 10.136-1 to increase by \$270,473 (to a total of \$370,473) the funds held in the Bureau of Claims of the Office of the City Attorney, reflecting the transfer of Municipal Railway claims processing to the City Attorney's Office, effective July 1, 1996. (Supervisor Shelley)

10. File 142-96-1. [Water Rates - Finding] Resolution making a finding that no tax subsidy will be required by the San Francisco Water Department by reason of approval of proposed schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. (Public Utilities Commission)
(Consideration continued from 5/8/96)

SPEAKER: Anson Moran, General Manager, Public Utilities Commission
- provided information.

ACTION: Hearing held. Tabled.

11. File 142-96-1.1. [Approving Revised Rates, S.F./Suburban Areas] Resolution approving revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. (Public Utilities Commission)
(Consideration continued from 5/8/96)

SPEAKER: Anson Moran, General Manager, Public Utilities Commission
- provided information.

ACTION: Hearing held. Tabled.

12. File 142-96-1.2. [Disapproving Revised Rates, S.F./Suburban Areas] Resolution disapproving revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. (Public Utilities Commission)
(Consideration continued from 5/8/96)

SPEAKER: Anson Moran, General Manager, Public Utilities Commission
- provided information.

ACTION: Hearing held. Recommended.

VOTE ON ALL ITEMS WAS 2 - 0 (WITH SUPERVISOR BIERMAN ABSENT), EXCEPT FOR ITEM NO. 7, WHICH VOTE WAS 3 - 0 (WITH ALL SUPERVISORS PRESENT).

Meeting Adjourned: 1:50 p.m.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

May 10, 1996

DOCUMENTS DEPT.

TO: Budget Committee

FROM: Budget Analyst *Recommendations for meeting*

SUBJECT: May 15, 1996 Budget Committee Meeting

MAY 14 1996

SAN FRANCISCO
PUBLIC LIBRARY

Item 1 File 127-96-5

Item: The proposed ordinance would amend Part III, Articles 12-A and 12-B of the Municipal Code, adding Sections 906-C and 1005.7 to provide for credits against, respectively, the Payroll Expense Tax and the Business (Gross Receipts) Tax for businesses hiring youths between the ages of 14 and 21 for the summer; and providing that the provisions of these credits expire on December 31, 2001.

Description: The proposed ordinance states that the purpose of the Summer Youth Employment Tax Credit is to increase the number of youth employed during the summer, without displacing current jobs, within the City and County of San Francisco by providing an incentive for businesses to create such summer, temporary jobs for youth, with an emphasis on disadvantaged youth. The amount of the tax credit would be 100 percent of the tax liability for a summer job filled by a disadvantaged youth and 50 percent of the tax liability for a summer job filled by a non-disadvantaged youth.

"Youth" is defined by the proposed ordinance as any individual who during the duration of the tax credit period is between the ages of 14 and 21. "Disadvantaged Youth" means any Youth

whose family income is not greater than 80% of median family income as provided in the most recently published estimate of median family income for San Francisco by the United States Department of Housing and Urban Development or any successor agency.

Any person subject to the Payroll or Gross Receipts Tax under Article 12-A of Part III of the Municipal Code shall be allowed a credit against such tax liability to the City for each summer job created; however, in no event shall the tax credit reduce a taxpayer's liability for such tax to less than zero. Each taxpayer claiming the credit shall file with the Tax Collector, on a form prescribed by the Tax Collector, an affidavit, under penalty of perjury, attesting to the facts required by the Tax Collector to establish the taxpayer's entitlement to the tax credit consistent with this Section and regulations adopted by the Tax Collector. In no event shall the credit be provided for any work performed before the second Sunday in May or after the second Sunday of September of the calendar year.

No business shall be allowed a credit under this Section for any job which previously had been performed in San Francisco by a predecessor employee. A prior year's Summer Job held by a youth prior to enactment of this legislation should be considered a job which has been previously performed. Therefore, the proposed Summer Youth Tax Credit will be granted to new summer jobs created by San Francisco businesses, and no credit will be granted for summer jobs that existed in prior years.

The Tax Collector is directed by the proposed ordinance to formulate, issue, and enforce rules and regulations relating to the application of the Summer Youth Jobs Tax Credit, including provisions which provide penalties due to fraud, any underpayment of tax, or an intent to evade this ordinance or authorized rules and regulations of the City. The Board of Review, consisting of the Chief Administrative Officer, the Controller and the Assessor, shall approve, modify or disapprove the rules and regulations prescribed by the Tax Collector pursuant to this ordinance.

The Tax Collector is directed by the proposed ordinance to submit a report to the Board of Supervisors on or before March 31, 1997, and every year thereafter for which the tax credit is available, which evaluates the effect of the tax credit on employment and local tax revenues. The Tax Collector shall also make available to the Board of Supervisors the aggregate information of the dollar value of the Summer Youth Employment Tax credits claimed each year by businesses.

BOARD OF SUPERVISORS
BUDGET ANALYST

The Summer Youth Jobs Tax Credit provided in the proposed ordinance shall expire on December 31, 2001, unless the Board of Supervisors extends the credit.

Comment:


1. Because the Summer Youth Jobs Tax Credit does not apply to work previously performed by other employees or to summer youth jobs that existed in prior years, the tax credit will not affect Payroll and Gross Receipts Tax collections for existing jobs. The fiscal impact of the proposed ordinance will therefore be limited to newly created Summer Youth Jobs that would have been created in the absence of the tax credit. The Tax Collector estimates that the potential lost Payroll and Gross Receipts Tax revenue for such summer youth jobs will amount to between \$18,200 and \$98,400 annually. Additionally, the cost of administering the proposed tax credit is estimated by the Tax Collector to cost \$25,463 annually, with one time (in the first year) start up costs of \$25,975.

2. The Budget Analyst has been informed that an amendment to this proposed ordinance will be introduced at the Board of Supervisors meeting of May 13, 1996. According to the Tax Collector, Mr. Richard Sullivan, the effect of the amendment will be to require the Tax Collector's Office to track summer youth jobs by type of job, which would, according to Mr. Sullivan, increase the costs to administer this proposed ordinance.

A memorandum from the Tax Collector on the potential impact and costs to administer this proposed ordinance is attached to this report. This memorandum does not address potential additional administrative costs that may become necessary based on the proposed amendment to the ordinance. The Tax Collector stated that he will provide that information to the Budget Committee prior to the May 15, 1996 Budget Committee meeting.

Recommendation: The proposed ordinance is a policy matter for the Board of Supervisors.

MEMORANDUM

DATE: May 10, 1996
TO: Richard A. Sullivan, Tax Collector
FROM:  William H. Ross, Deputy Tax Administrator
RE: Proposed Summer Youth Tax Ordinance Credit

SUMMMER YOUTH TAX CREDIT

After review of the Proposed Summer Youth Tax Ordinance, received this morning and subsequent to staff preparing the summary of our administrative concerns and costs which were based on the earlier ordinance draft, attached Tax Collector's concerns, we have identified additional concerns to implement and administer the new regulation. Our summary was based on establishing reporting by "total new summer jobs created" by a business not by the "type of job created" each year. However, subsequent discussions and contact with Claude Kolm, Deputy City Attorney, disclosed that the legislative intent includes tracking new job types as well as the total number of new jobs. If we are charged with establishing reporting for the "type" of new job created by business, we will be forced to increase our cost projection substantially. The draft ordinance will require businesses provide not only payroll information for new jobs but the type of new job created annually and we will be charged with identifying and reconciling growth for these businesses. To take on such a task will be difficult for us to administer and track as years accumulate for a business, record keeping and reporting for both will be extensive, if possible. Therefore, if the existing ordinance is approved as drafted, I will attempt to fully implement it as charged, but I will be hampered as cited above.

Attachment

SUMMER YOUTH TAX CREDIT

Proposed Ordinance:

To increase the number of youth employed during the summer, without displacing current jobs, within the CCSF by providing an incentive for businesses to create such summer, temporary jobs for youth, with an emphasis on disadvantaged youth.

Facts and Analysis:

- ◆ Based on information provided by the Private Industry Council and the Employment Development Department, a total of 3,314 youths participated in a summer jobs program in 1995: 2,700 youths were federally funded and 614 were funded by the private sector.

Since public agencies do not pay taxes, the amount of tax credit to be granted would be based on the number of youths who are employed by private organizations. On the assumption that private employers pay an average of \$5.50 per hour and the youths hired are economically disadvantaged, the amount of tax credit that can be granted based on the above-mentioned criterion would be \$18,236 (\$5.50 per hour x 360 hours (90 days @ 4 hours/day) x 614 youths @ 1.5% Payroll Tax). It is further assumed that even if federal funding ceases, the demand for summer jobs will likely remain the same and that private companies will step in with private funds to support the summer youth program. Should this be the case, the potential amount of tax credit claimed may be as much as \$98,426 (\$5.50 per hour x 360 hours (90 days @ 4 hours/day) x 3,314 youths @ 1.5% Payroll Tax).

Comments:

- ◆ It is suggested that the language of the ordinance be expanded to address the issue if federal funding is unavailable and private companies pledge donations, the donor be entitled to the tax credit, regardless of who the ultimate employer may be. Since private companies donate the money, it is assumed that they would want to claim the expense as a tax credit even if they do not actually hire the summer youths.
- ◆ Language in question:
 - Page 2, Paragraph (c)-(1)
For consistency with the language in Paragraph (b) (1) bottom half of the paragraph, revise first sentence to read: "'Summer Job' means any new job created after the second Monday Sunday of May of the calendar year and before the second Sunday of September of the calendar year."

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- Page 4, Paragraph (f)

For language consistency with similar tax credits, revise this paragraph to read:

"Report on Effect of Tax Credit...The Tax Collector shall submit a report...on or before ~~March 31, 1997~~ May 31, 1997, and ~~on the March 31~~ and every year thereafter for which the tax credit is available,...."

- Above suggested changes should also be taken into consideration in the Legislative Digest.

Projected Estimated Costs to implement Summer Youth Tax Credit:

Cost Impact Summary		
Cost Impact:	Start-Up Costs	Estimated Yearly Costs
Audit	n/a	\$ 4,807
Administrative / Accounting / Clerical	n/a	\$13,056
BTS Programming	\$13,125	\$ 1,500
Miscellaneous Costs	\$12,850	\$ 6,100
Total:	\$25,975	\$25,463

Audit Impact		Estimated Yearly Costs
1.	Total number of audits performed annually	800 audits
2.	Companies that qualify for tax credit	7,000 bus.
3.	Number of companies estimated to be audited	200 bus.
4.	20% sampling of the number of companies to be audited	40 bus.
5.	Additional audit hours needed to perform tax credit audits:	4 hours
6.	Total additional audit hours needed (Line #4 * Line #5)	160 audits
7.	Estimated audit hours per FTE	2,000 hours
8.	1 - 4220 Auditor FTE needed (Line #6 ÷ Line #7)	.08 FTE
9.	1 - 4220 (Auditor) at .08 FTE equals \$3,815 salary (\$47,685 * 8%) plus \$992 benefits (\$47,685 * 26% * 8%)	\$4,807

Administrative / Accounting / Clerical Impact		Estimated Yearly Costs
1.	1 - 1822 (Administrative Analyst) at 20 FTE equals \$10,362 salary (\$51,809 * 20%) + \$2,694 benefits (\$51,809 * 26% * 20%)	\$13,056

Due to the highly technical aspect of designing forms and worksheets that would be easily understood and functional, an 1822-Administrative Analyst position is proposed.

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P.03

The Administrative Analyst will be responsible for the following duties and responsibilities as the result of the implementation of this tax credit:

- recordkeeping of companies that file for this tax credit
- designing of appropriate forms as to include the proper accounting calculation of the tax credit
- responding to inquiries from companies; monitor phone calls
- designing an instructions manual to notify all businesses of new tax credit
- examining of taxpayers' filing
- working with ISD to ensure that the BTS program is set-up appropriately

BTS Programming <i>(estimated costs includes analysis, programming, testing, and documentation)</i>		Start-Up Costs	Estimated Yearly Costs
1.	175 hours at \$75 / hour	\$13,125	
2.	On-going maintenance (20 hours * \$75 / hour)		\$1,500

Miscellaneous Estimated Costs		Start-Up Costs	Estimated Yearly Costs
1.	Telephone Costs	\$ 350	\$300
2.	Office Furniture	\$1,500	n/a
3.	Computer and accessories / on-going maintenance	\$2,500	\$500
4.	Office equipment	\$1,000	n/a
5.	Postage, printing, office supplies	\$5,000	\$3,000
6.	Form design	\$ 500	\$ 300
7.	Miscellaneous (estimated unforeseeable expenditures)	\$2,000	\$2,000
Total:		\$12,850	\$6,100

Conclusion:

- Based on the information collected, it is estimated that implementation costs would amount to \$51,438 (\$25,975 one-time start-up costs and \$25,463 for estimated yearly on-going costs). The tax credits ranges from \$18,236 to \$98,426, depending on whether federal funding will be available. It is assumed that if the summer youth is defunded by the feds, the private sector will probably pick up the cost, since the demand for summer youths will likely remain the same.
- It is anticipated that the audit impact will be minimal; however, in the audit procedure, auditors will look at the tax credit based on 100% for disadvantaged youths vs. 50% for advantaged youths, which may affect the amount of time spent on audit.
- Due to the highly technical nature of designing worksheets and forms, an 1822--Administrative Analyst class would be most appropriate to perform the tasks of form design, response to taxpayer inquiries, review of filings, etc.

Revised by: P. Sha

5/10/96 3:26 PM

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Memo to Budget Committee
May 15, 1996 Budget Committee

Item 2 - File 101-95-76

Department: Fire Department

Item: Ordinance appropriating \$2,265,000 from the General Fund Reserve for Personal Services, Services of Other Departments (Workers Compensation) and Facilities Maintenance for the Fire Department for FY 1995-96.

Amount: \$2,265,000

Source of Funds: General Fund Reserve

Description: The Fire Department had originally projected a total budgetary shortfall of \$2,265,000 for FY 1995-96 in its Personal Services, Services of Other Departments (Workers Compensation) and Facilities Maintenance accounts. The Fire Department now projects a budget shortfall of \$1,984,126. The following table summarizes the projected net budgetary shortfall of \$1,984,126:

<u>Line Item Category</u>	<u>FY 1995-96 Budgeted Amount</u>	<u>Actual Expenditures 7/1/95 - 4/19/96</u>	<u>Projected Expenditures 5/20/96 - 6/30/96</u>	<u>Estimated Surplus/ (Deficiency)</u>
Permanent Salaries	\$84,663,925	\$69,157,798	\$16,634,749	(\$1,128,622)
Premium Pay	1,760,881	1,608,591	398,085	(245,795)
Overtime	2,045,577	1,744,824	562,536	(261,783)
Fringe Benefits	22,589,932	18,018,467	4,461,716	109,749
Workers Compensation	3,912,926	2,803,733	1,401,868	(292,675)
Facilities Maintenance	98,900	236,434	27,466	(165,000)
Totals	\$115,072,141	\$93,569,847	\$23,486,420	(\$1,984,126)

The Fire Department reports that the projected shortfall is primarily due to its inability to meet the salary savings requirements imposed by the prior Mayor for FY 1995-96.

Comment: Based on our analysis, the Budget Analyst recommends the following reductions to the proposed supplemental appropriation ordinance:

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
May 15, 1996 Budget Committee

<u>Line Item Category</u>	<u>Amount of Request Based on Original Projected Shortfall of \$2,265,000</u>	<u>Budget Analyst's Recommended Amount</u>	<u>Budget Analyst Recommended Reduction</u>
Permanent Salaries	\$1,207,389	\$1,128,622	\$78,767
Premium Pay	315,000	262,829	52,171*
Overtime	135,000	135,000	0
Fringe Benefits	105,000	0	105,000
Workers Compensation	337,611	292,675	44,936
Facilities Maintenance	<u>165,000</u>	<u>165,000</u>	<u>0</u>
Total	\$2,265,000	\$1,984,126	\$280,874

*Recommended reduction for Premium Pay is adjusted for projected over- and underspending in Overtime and Fringe Benefit accounts.

The proposed ordinance should be amended to reflect these revised projections provided by the Fire Department.

Recommendations: 1. Amend the proposed ordinance to reduce the proposed ordinance by a total of \$280,874 consisting of the following amounts:

- Reduction of \$78,767 in Permanent Salaries;
- Reduction of \$52,171 in Premium Pay;
- Reduction of \$105,000 in Fringe Benefits;
- Reduction of \$44,936 in Workers Compensation.

2. Approve the proposed ordinance as amended.

Item 3 - File 101-95-77

Department: San Francisco Fire Department (SFFD)

Item: Ordinance appropriating \$45,000 of Fire Plan Checking Fee Revenues for the purchase of computer equipment.

Amount: \$45,000

Source of Funds: Fire Plan Checking Fee Revenues collected by SFFD

Description: The proposed ordinance would appropriate an amount of \$45,000 to the Fire Department for the purpose of purchasing computer equipment. Funds are available for this appropriation from fee revenues collected by the Fire Department when it reviews building plans to ensure that such plans conform to the Fire Code. All plans for new buildings, and for many building renovations, are submitted to the Fire Department Plan Check Unit to be reviewed for compliance with the Fire Code. A separate unit of the SFFD conducts Fire Code inspections at subsequent stages of the construction process. According to the SFFD, the number of building plans being submitted for Fire Code review is higher than was originally anticipated. The original amount of fee revenue as projected by SFFD and approved in the Department's FY 1995-96 budget was \$720,000. Based on the current rates of fee collection, the SFFD now projects that approximately \$805,000 in revenues will be collected through the end of FY 1995-96, an increase of approximately \$85,000. The Controller has certified that additional revenues in the amount of \$45,000 are available from Fire Plan Checking Fee Revenues for this appropriation request.

This \$45,000 request would be used to purchase 9 new computers for the SFFD's Plan Check Unit. According to the Fire Department, these computers are necessary in order to allow the Fire Department to be able to use a new database system for plan checking which is now being implemented by the Planning Department, Department of Building Inspection (DBI), and the Fire Department.

Currently, building plans are reviewed manually by the Planning Department and DBI for compliance with the Planning Code and the Building Code, and subsequently sent to the Fire Department Plan Check Unit, where they are also reviewed manually for compliance with the Fire Code. According to Lieutenant Mario Ballard of the SFFD, with the new database system, building plans will be scanned into a computer database which already contains Planning Code,

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BUDGET ANALYST

Building Code, and Fire Code information, and each of the Departments will be able to review plans on-line simultaneously. Lt. Ballard advises that this system will provide for a "one-stop" plan checking and permit issuance center in order to better serve the public and speed up the process of issuing all planning, building and fire permits which are necessary before construction can proceed. The Department of Building Inspection advises that with the new system, it is anticipated that all necessary permits can be issued within a few weeks from the time that the plans are submitted to the City, as opposed to the up to 24 or more weeks which can be now required. Lt. Ballard advises that the new computers will also allow the Fire Department to clear an existing 3-4 week backlog of building plans requiring Fire Code review.

According to Lt. Ballard, the 9 computers currently being used by the SFFD Plan Check Unit do not have sufficient memory or screen capacity to be able to work with the on-line plan check system being implemented. If new computers are not purchased, Lt. Ballard reports that the SFFD would have to continue check plans manually, and that the process of issuing fire permits would slow down the overall permitting process by 4 weeks or more.

According to Lt. Ballard, a total of 8 staff are employed by the Plan Check Unit, each of whom require a computer which is capable of accessing the database described above. In addition, one computer capable of accessing this database must be purchased for the public service counter in another area of the building where the Plan Check Unit is located, for a total of 9 new computers which are required.

Comment:

1. Because this proposed purchase falls under the "Rule of 20," approval by the Electronic Information Processing Steering Committee (EIPSC) is not required.
2. The Attachment, provided by the Fire Department, shows the cost quotation for the purchase of the 9 new computers and related equipment requested, at an overall cost of \$43,966.

Recommendation: Amend the proposed ordinance to reduce the request of \$45,000 by \$1,034 to \$43,966 and approve the proposed ordinance as amended.

CITY AND COUNTY OF SAN FRANCISCO

1	9	HEWLETT PACKARD VECTRA XM4 - 6841120716 - 840 MB HARD DRIVE - 11 MS ACCESS TIME	03908A	12,794.27	\$20,487.33
	ea	DOS, WINDOWS FOR WORKGROUPS 3.11/WINDOWS 85, 1P MOUSE		EA	
	9	US ROBOTICS INTERNAL FAX MODEM C ABOS	000840-011	1198.68	\$1,789.31
	ea			EA	
	9	HEWLETT PACKARD VIDEO DRAM- 1 -MIRGABYTE FOR VECTRA XM4 - UPGRADE KIT	VXD3404A	855.75	\$591.75
	ea		1	EA	
	9	NEC 21 KCH XE 1280 X 1024 FLAT SCREEN MONITOR WITH CABLE	JC2131VMA	\$1,789.77	\$16,107.53
	ea			EA	
	1	HEWLETT PACKARD LASERJET EN-WITH HP JETDIRECT CARD FOR 10-BASE T NETWORK	CG852A	\$1,565.13	\$1,565.13
	ea			EA	
		PACKING GOOD FOR 30 DAYS			

MARIO BALLARD 558-6505/558-3328

Totals this Page: **\$43,985.77**

PostNet Fax Note	7871	Date	5/10/96	pages	1
To Reg Stevenson		From	L.A. / So. Cal.		
cc: David & P		cc	S.F. F.1		
Phone	Q	Phone	558-6505		
Ext	457	Ext			

Items 4, 5 and 6 - Files 241-96-1, 241-96-2 and 241-96-3

Departments: Chief Administrative Office (CAO)
City Planning Department

Items: Item 4, File 241-96-1 - Resolution (1) approving, authorizing and directing the execution and delivery of a Joint Powers (JPA) Agreement, relating to the Association of Bay Area Governments (ABAG) Finance Authority for Non-profit Corporations (Authority), (2) acknowledging and approving the by-laws of the Agreement (including an indemnity provision contained therein), (3) appointing a representative to the governing board, (4) authorizing the Board of Supervisors or the Mayor's Office to hold public hearings required by Section 147(f) of the Internal Revenue Code of 1986, in connection with projects to be located within the City and financed by the Authority, and (5) designating either the Board of Supervisors or the Mayor as the applicable elected representative for purposes of Section 147(f) of the Internal Revenue Code of 1986.

Item 5, File 241-96-2 - Resolution adopting a final negative declaration, finding and determining that (1) the conversion of a vacant office building, located at 150 Oak Street to a school, for pre-kindergarten through twelfth grade students, to be operated by the National Center for International Schools, a non-profit corporation, (2) the development of a play yard area for the school at 289 Fell Street, and (3) the demolition of existing structures and the construction of a gymnasium and a parking facility, at 129 Oak Street, near the vacant office building, will have no significant impact on the environment.

Item 6, File 241-96-3 - Resolution approving the execution and delivery of not to exceed \$22 million of Certificates of Participation for the financing of the National Center for International Schools Project.

Description: Item 4, File 241-96-1

The proposed resolution would authorize the City to enter into a proposed JPA Agreement, dated April 1, 1990 with the ABAG Finance Authority for Non-profit Corporations (Authority). The Authority was created in 1990, to, among other things, assist non-profit corporations in obtaining tax-exempt financing. Local counties which have already entered into the JPA Agreement with the Authority include Alameda, Contra Costa, Marin, Santa Clara and Sonoma. Under the financing guidelines of the Authority, non-profit agencies

BOARD OF SUPERVISORS
BUDGET ANALYST

cannot apply directly to the Authority for assistance but rather must apply for such assistance through the local jurisdiction, in which they reside.

Under the proposed JPA Agreement, the Board of Supervisors or the Mayor's Office would be required to hold public hearings, pursuant to Federal tax law, in connection with projects within the City to be financed by the Authority. All such projects would be subject to the approval of the Board of Supervisors. Additionally, under the JPA Agreement, the Board of Supervisors would be required to appoint a member of the Board to serve on the Governing Board of the Authority.

Item 5, File 241-96-2

The National Center for International Schools, a non-profit corporation, has applied to the City to obtain tax exempt financing through the Authority. The National Center for International Schools is proposing to convert a vacant former State office building, located at 150 Oak Street, to a school for students from pre-kindergarten through twelfth grade and to develop a play yard area for the school at 289 Fell Street. The project would also include the demolition of structures and the construction of a gymnasium and parking facility at 129 Oak Street. The school will house the offices of the National Center for International Schools and the campuses of the Chinese-American International School and the French-American International School and any other bi-lingual or bi-cultural programs which the National Center for International Schools may promote in the future.

The proposed resolution would adopt the Final Negative Declaration, completed by the Planning Department on December 8, 1994, finding that the above-noted project would have no significant impact on the environment.

Item 6, File 241-96-3

The proposed resolution would authorize the ABAG Finance Authority for Non-profit Corporations to execute and deliver (the same as "issue" in the case of bonds) Certificates of Participation in an amount not to exceed \$22 million for purposes of financing the above-noted National Center for International Schools' project.

Comments:

1. According to Ms. Diana Fitzpatrick of the City Attorney's Office, there is no fiscal impact on the City in connection with the Certificates of Participation, for which the ABAG Finance

REVISED May 14, 1996

Items 4, 5 and 6 - Files 241-96-1, 241-96-2 & 241-96-3

Authority for Non-profit Corporations has sole responsibility for executing and delivering, at no cost or liability to the City.

2. The proposed resolution (Item 4, File 241-96-1) contains an indemnity provision. Under this provision, each member of the Authority (including the City) agrees to indemnify and hold harmless all of the other members of the Authority to the extent any liability is found or imposed against the member for any liability arising out of such members performance under the JPA Agreement. Ms. Fitzpatrick advises that the proposed indemnity provision does not place the City at undue risk, and that it is reasonable for the City to enter into the indemnity provision as it is drafted.

3. In summary, the purpose of this legislation is to authorize the City to enter into a Joint Powers Agreement with the ABAG Finance Authority for Non-profit Corporations. Such an agreement is needed in order to (1) permit the National Center for International Schools, a non-profit agency, to obtain tax exempt financing through the ABAG Finance Authority for Non-profit Corporations in order that the National Center for International Schools is able to obtain (a) the conversion of a vacant office building at 150 Oak Street in order to operate a school for pre-kindergarten through twelfth grade students, (b) to develop a play yard area for the school at 289 Fell Street and to authorize (c) the demolition of existing structures and construction of a gymnasium and parking facility, at 129 Oak Street, and to (2) permit subsequent eligible non-profit agencies such as hospitals, schools, and community service organizations, to obtain tax exempt financing through the ABAG Finance Authority for Non-profit Corporations for any future projects pertaining to facility acquisition, construction, renovation, and the purchase of equipment.

Recommendation: Approval of the proposed resolutions is a policy matter for the Board of Supervisors.

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Authority for Non-profit Corporations has sole responsibility for executing and delivering, at no cost or liability to the City.

2. The proposed resolution (Item 4, File 241-96-1) contains an indemnity provision. Under this provision, funds of the ABAG Finance Authority for Non-profit Corporations may be used to defend, indemnify and hold harmless the Authority and any member of the Authority while acting on behalf of the Authority.

3. In summary, the purpose of this legislation is to authorize the City to enter into a Joint Powers Agreement with the ABAG Finance Authority for Non-profit Corporations. Such an agreement is needed in order to (1) permit the National Center for International Schools, a non-profit agency, to obtain tax exempt financing through the ABAG Finance Authority for Non-profit Corporations in order that the National Center for International Schools is able to obtain (a) the conversion of a vacant office building at 150 Oak Street in order to operate a school for pre-kindergarten through twelfth grade students, (b) to develop a play yard area for the school at 289 Fell Street and to authorize (c) the demolition of existing structures and construction of a gymnasium and parking facility, at 129 Oak Street, and to (2) permit subsequent eligible non-profit agencies such as hospitals, schools, and community service organizations, to obtain tax exempt financing through the ABAG Finance Authority for Non-profit Corporations for any future projects pertaining to facility acquisition, construction, renovation, and the purchase of equipment.

Recommendation: Approval of the proposed resolutions is a policy matter for the Board of Supervisors.

Item 7 - File 97-96-26

Note: This item was continued by the Budget Committee at its meeting of May 8, 1996. An Amendment of the Whole to this legislation will be introduced at the Budget Committee meeting on May 15, 1996. This report reflects the Amendment of the Whole.

Departments: Airport
City Attorney

Item: Ordinance amending Chapter 10, Article II of the Administrative Code, by adding Sections 10.25 and 10.25.11 to (1) authorize the Airports Commission, on the recommendation of the City Attorney, to (a) settle any legal proceedings involving a construction contract, or (b) any legal proceedings unrelated to a construction contract, which do not exceed \$100,000, without subsequent approval of the Board of Supervisors, and (2) authorize the City Attorney, with the approval of the Airports Commission, to settle various claims which (a) involve any construction contract or (b) claims unrelated to a construction contract, without subsequent approval of the Board of Supervisors, if such claims, not related to construction contracts, do not exceed \$100,000.

Description: The existing City Charter authorizes the City Attorney, upon approval of the Airports Commission, to settle or dismiss all legal proceedings involving the Airport including, but not limited to, litigation, judgments, or enforcement proceedings, in any amount, without subsequent approval of the Board of Supervisors. Under the new City Charter, which becomes effective July 1, 1996, the settlement or dismissal of all legal proceedings, including proceedings involving the Airport, upon recommendation of the City Attorney, must be approved by the Board of Supervisors. Such legal proceedings include but are not limited to, litigation, judgments, or enforcement proceedings brought for or against the City.

Ms. Mara Rosales, the Airport's General Counsel, advises that the City Attorney is requesting this proposed ordinance which would (1) authorize the Airports Commission, on the recommendation of the City Attorney, to (a) settle any legal proceedings involving a construction contract, or (b) any legal proceedings unrelated to a construction contract, which do not exceed \$100,000, without subsequent approval of the Board of Supervisors, and (2) authorize the City Attorney, with the approval of the Airports Commission, to settle various claims which (a) involve any construction contract or (b) claims unrelated to a construction contract, without

subsequent approval of the Board of Supervisors, if such claims, not related to construction contracts, do not exceed \$100,000. The City Attorney believes that this proposed ordinance is reasonable because the Airport has undertaken a \$2.4 billion expansion program, which may result in an increased number of claims against the Airport. According to Ms. Rosales, given this anticipated increase in claims, it would be in the best interest of the Airport, from the standpoint of effectively negotiating and settling claims and maintaining an efficient process, for the Airport to be able to settle (a) any claims having to do with construction contracts and (b) claims unrelated to construction contracts, which do not exceed \$100,000, without subsequent approval of the Board of Supervisors.

The proposed ordinance would amend the Administrative Code to add two new Sections, as follows:

Section 10.25-10 - Under this Section, the Airports Commission would be authorized, on the recommendation of the City Attorney, to settle, dismiss or compromise any legal proceedings involving the Airport including (a) any Airport construction contract and (b) any legal proceedings unrelated to construction contracts, in which the amount of such proceedings does not exceed \$100,000, without subsequent approval of the Board of Supervisors.

Section 10.25-11 - This Section would authorize the City Attorney, with the consent of the Airports Commission, to settle, dismiss or compromise unlitigated claims (claims not filed with the Court) involving (a) any Airport construction contract or (b) claims unrelated to a construction contract, which do not exceed \$100,000, without subsequent approval of the Board of Supervisors.

Comment:

Ms. Rosales points out that under the existing Charter, the Airport presently can settle all of its claims in any amount without the approval of the Board of Supervisors. Therefore, according to Ms. Rosales, the City Attorney believes that this proposed legislation, authorizing the Airport to (a) settle any claims involving construction contracts or (b) claims unrelated to construction contracts, which do not exceed \$100,000, without subsequent approval by the Board of Supervisors, is reasonable.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Memo to Budget Committee
May 15, 1996 Budget Committee Meeting

Item 8 - File 97-96-22

Note: This item was continued by the Budget Committee at its meeting of May 8, 1996.

Department: City Attorney

Item: Ordinance amending Chapter 10, Article II, of the Administrative Code amending Sections 10.20-9, 10.21, 10.22, 10.22-1, 10.24, and 10.25, to provide that all litigated claims (claims filed with the Court) as well as unlitigated claims (claims not filed with the court) can be settled by the City Attorney, without subsequent approval by the Board of Supervisors, if the amount of the settlement is under \$15,000, rather than continuing with the existing requirement that all such claims which do not exceed \$5,000 can be settled by the City Attorney, without subsequent approval by the Board of Supervisors.

Description: Pursuant to the new Charter, the City Attorney's Office, effective July 1, 1996, will assume the responsibility from MUNI for processing all of MUNI's claims. Presently, MUNI is authorized to settle all of its claims which are under \$15,000, without approval of the Transportation Commission, and without subsequent approval of the Board of Supervisors. In contrast to MUNI claims, the City Attorney is currently only authorized to settle claims, without subsequent approval by the Board of Supervisors, if the claims are under \$5,000. The City Attorney believes that it is reasonable for the City Attorney, to now be authorized to settle all claims, if such claims are under \$15,000, without subsequent approval of the Board of Supervisors.

The proposed ordinance would amend Chapter 10, Article II of the Administrative Code to provide that the City Attorney would be able to adjust, pay and settle all claims, without subsequent approval by the Board of Supervisors, if the amount of the settlement is under \$15,000. Presently, the City Attorney can settle all claims, except for the claims of the Municipal Railway, without subsequent approval of the Board of Supervisors, only if the amount of the claims does not exceed \$5,000.

Comments: 1. According to Mr. Pat Mahoney of the City Attorney's Office, the City Attorney also believes the proposed ordinance is reasonable for the following reasons:

(a) The City Attorney's authority to settle all claims which do not exceed \$5,000, without subsequent approval by the

BOARD OF SUPERVISORS
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Board of Supervisors, was authorized in 1986. The City Attorney believes that, since the value of claims have increased since 1986, an increase in the amount of the settlement that the City Attorney should be authorized to approve, without subsequent approval of the Board of Supervisors, is warranted.

(b) If the amount of the claims that the City Attorney would be authorized to approve, without subsequent approval of the Board of Supervisors, is increased to an amount under \$15,000, fewer claims would have to be submitted to the Board of Supervisors, thereby expediting payment to the public for legitimate claims.

(c) The ability to pay claims promptly facilitates the resolution of many disputes.

(d) The transfer of responsibility for settling MUNI claims, none of which are now subject to approval by the Board of Supervisors, to the City Attorney, will effectively double the number of claims to be submitted to the Board of Supervisors, under the provisions of the new Charter.

Comment:

Item 7, File 97-96-26 of this report is a proposed ordinance, which would (1) authorize the Airports Commission, to (a) settle any claim involving a construction contract or (b) claims unrelated to construction contracts, which do not exceed \$100,000, upon recommendation of the City Attorney, and (2) authorize the City Attorney to settle, dismiss, or compromise unlitigated claims involving (a) any construction contracts and (b) claims unrelated to construction contracts, which do not exceed \$100,000. The City Attorney's Office advises that should the Board of Supervisors choose to approve that ordinance (File 97-96-26), then this proposed subject ordinance (File 97-96-22) should be amended to provide that the City Attorney would be able to adjust, pay and settle all claims under \$15,000, with the exception of the Airport, where any construction contract claims, or other claims which do not exceed \$100,000, could be settled without subsequent approval of the Board of Supervisors.

Recommendation: Approval of the proposed ordinance, including any potential amendments as referenced in the above comment, is a policy matter for the Board of Supervisors.

Item 9 - File 97-96-23

Note: This item was continued by the Budget Committee at its meeting of May 8, 1996. An Amendment of the Whole to this legislation will be introduced at the Budget Committee meeting on May 15, 1996. This report reflects the Amendment of the Whole.

Departments: City Attorney's Office
Municipal Railway (MUNI)

Item: Ordinance amending Chapter 10, Article XV of the Administrative Code by (1) amending Section 10.150, to reduce the MUNI Cash Revolving Fund in accordance with the provisions of the new City Charter which becomes effective on July 1, 1996, and (2) amending Section 10.136-1 of the Administrative Code to increase the Cash Revolving Fund in the City Attorney's Bureau of Claims by \$270,473 from \$100,000 to \$370,473, reflecting the transfer of MUNI claims processing to the City Attorney's Office, effective July 1, 1996.

Description: The proposed ordinance would (1) amend Section 10.150 of the Administrative Code to reduce the MUNI's Cash Revolving Fund by \$270,473 from \$368,516 to \$98,043 and (2) amend Section 10.136-1 of the Administrative Code to increase the amount of the City Attorney's Office's Cash Revolving Fund by \$270,473 from \$100,000 to \$370,473, effective July 1, 1996, the effective date of the new City Charter. These Cash Revolving Fund monies are used by the two departments to pay for claims against the City.

Pursuant to the new City Charter, the City Attorney's Office, effective July 1, 1996, will assume responsibility from MUNI for processing all claims, including MUNI claims and PUC claims, currently processed by MUNI. As such, MUNI will no longer require funds for payment of claims against the City. Accordingly, the proposed ordinance would amend Section 10.150 to reduce the amount of the MUNI's Cash Revolving Fund by \$270,473 and increase the amount of the City Attorney's Office's Cash Revolving Fund by \$270,473 from \$100,000 to \$370,473 in order for the City Attorney's Office to have sufficient monies to pay for claims associated with MUNI and PUC claims. The \$270,473 proposed increase to the City Attorney's Office is based on the balance of the funds to pay claims contained in the MUNI's Cash Revolving Fund as of April of 1996. The remaining \$98,043 (\$368,516 less \$270,473 in the MUNI's Cash Revolving Fund is earmarked for the PUC's Finance Revolving Fund and the Petty Cash and Change Funds for MUNI.

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BUDGET ANALYST

Memo to Budget Committee
May 15, 1996 Budget Committee Meeting

Comment: The City Attorney's Office advises that any balance in MUNI's Cash Revolving Fund, which is used to pay claims, would be transferred to the City Attorney's Office's Cash Revolving Fund effective July 1, 1996. According to Mr. John Madden of the Controller's Office, this transfer of funds would not require a supplemental appropriation ordinance.

Recommendation: Approve the proposed ordinance.

Items 10, 11 and 12 - Files 142-96-1, 142-96-1.1 and 142-96-1.2

Note: These items were continued by the Budget Committee at its meeting of May 8, 1996.

Department: Public Utilities Commission (PUC)

Item: Water Department Rates for Retail and Wholesale Customers

Description: 1. File 142-96-1 is a resolution making a finding that no tax subsidy will be required by the San Francisco Water Department by reason of approval of a proposed revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. File 142-96-1.1 is a resolution approving the revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas; File 142-96-1.2 is a resolution disapproving the revised schedule of rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas. Since the Board of Supervisors can only accept or reject the San Francisco Water Department's revised schedule of rates to be charged for retail water service in San Francisco and suburban areas, one of these latter two resolutions (Files 142-96-1.1 or 142-96-1.2) should be approved and one should be disapproved.

2. The Board of Supervisors can only approve or disapprove the rate schedules submitted by the Public Utilities Commission. The proposed rate schedules cannot be amended by the Board. If the Board wishes to approve the proposed schedule of rates (File 142-96-1.1) a majority vote is required. If the Board wishes to disapprove the proposed schedule of rates (i.e., by approving the resolution contained in File 142-96-1.2) a two-thirds vote is required.

3. In addition to retail water services provided to San Francisco and suburban customers, the San Francisco Water Department delivers water on a wholesale basis to 30 water agencies outside the City and County of San Francisco (suburban resale customers). In 1984, the Department and its suburban resale customers approved a settlement agreement and master water sales contract. That agreement, which was approved by the Board of Supervisors, resolved litigation pending since 1974 and established a method by which suburban resale rates are calculated each year. Under that agreement, cost accounting and rate setting is divided and based on the distinct costs of providing water services to City retail customers as opposed to "Suburban Resale" customers who purchase water on a wholesale basis. The City sets the

wholesale water rates to recover all costs associated with providing water to the Suburban Resale Customers, plus a rate of return on all debt funded assets and future revenue funded assets.

Because current projected revenue for service to Suburban Resale customers slightly exceeds projected costs of providing such services (see the attachment to this report), the PUC is proposing no increase in wholesale rates for Suburban Resale customers. Wholesale rates to Suburban Resale customers were last increased (by 18.9 percent) effective July 1, 1994.

4. The PUC initially recommended an average water rate increase of 9.4 percent for the City's retail customers and its retail customers in suburban areas, effective July 1, 1996. However, due to budget reductions to the proposed 1996-97 budget, the General Manager will be proposing a revised water rate package that calls for a retail rate increase averaging 7.6 percent instead of 9.4 percent. The PUC will calendar a hearing for the revised rate package on May 28, 1996 and submit new legislation to the Board of Supervisors in June, 1996. The Board of Supervisors should therefore disapprove this proposed rate increase, by approving File 146-96-1.2 and tabling File 146-96-1.1

The remainder of this report will address the revised rate package as recommended by the PUC's General Manager, which calls for no change in rates charged to Suburban Resale Customers and a 7.6 percent (instead of a 9.4 percent) increase in rates charged to retail customers in the City and suburban areas.

The last retail rate increase of 14.66 percent was adopted by the PUC and the Board of Supervisors effective July 1, 1994. The 1994 rate increase was the fifth in a series of five annual rate increases in amounts of between 14 percent and 15 percent that was approved by the Board of Supervisors as a financing plan for to produce revenue required to support revenue bond financing of capital projects.

The table below shows the effect of the proposed rate increase on monthly water bills, which averages 7.6 percent, for various classes of retail water customers in San Francisco. It is the intent of the PUC that the new rates will become effective July 1, 1996.

**COMPARISON OF CURRENT MONTHLY WATER RATES
VS. THE PUC RECOMMENDED
7.6 PERCENT WATER RATE INCREASE; TYPICAL SAN FRANCISCO CUSTOMERS**

<u>Type</u>	<u>Estimated Units of Consumption*</u>	<u>Current Monthly Water Charges</u>	<u>PUC Recommended Monthly Water Charges</u>	<u>PUC Recommended Increase in Monthly Water Charges</u>	<u>% Increase **</u>
Average Single-Family	7	\$11.39	\$ 12.22	\$0.83	7.3 %
12 Unit Apartment	29	46.73	50.34	3.61	7.7 %
Large Apartment	307	452.49	487.22	34.73	7.7 %
Apartment Complex	2,224	2,788.68	3003.44	214.36	7.7 %
Residential Hotel	517	651.49	701.52	50.03	7.7 %
Restaurant	378	465.66	501.48	35.82	7.7 %
Large Office Building	575	766.05	824.90	58.85	7.7 %
Department Store	1,286	1,597.92	1,720.76	122.84	7.7 %
Hospital	2,264	2,835.48	3,053.84	217.96	7.7 %

* One unit equals 748 gallons of water.

** The average rate increase for all retail customers is 7.6%. However, when such increases are applied to existing rates, they are rounded to the nearest cent, hence resulting in the slightly different percentage increases shown in the table above.

5. San Francisco retail water customers are charged for Water rates and Sewer Service Charge rates on a single statement that is billed by the Water Department. The average single family San Francisco residence uses 700 cubic feet of water per month (approximately 175 gallons per day). The table on the following page illustrates the combined cost impact on the average single family residence that would result from this PUC recommended water rate increase of 7.6 percent and the recommended increase in Sewer Service rates of 5.5 percent for FY 1996-97 that is now pending before the Board of Supervisors. (File 21-96-1).

Combined Cost Impact of Proposed Water and Sewer Rate Increases on an Average Single Family Residence in San Francisco

	<u>Current Monthly Charge</u>	<u>Proposed Monthly Charge</u>	<u>Increase</u>	<u>% Increase</u>
Water Rates	\$ 11.39	\$ 12.22	\$ 0.83	7.3%
Sewer Service Rates	<u>\$ 21.79</u>	<u>\$ 22.99</u>	<u>\$ 1.20</u>	<u>5.5%</u>
Total Bill	\$ 33.18	\$ 35.21	\$ 2.03	6.1%

Note: The initial recommended Sewer Service Charge rate increase was 6.5 percent. However, the Board of Supervisors and the Chief Administrative Officer has accepted the recommendation of the Budget Analyst to reduce the rate increase to 5.5 percent. As of the writing of this report, the Board of Supervisors is currently considering additional reductions to the Sewer Service Charge rate increase.

6. The table below provides the results of the Water Department's survey of rates for water suppliers in the Bay Area. This survey compares San Francisco's current and proposed retail rates with rates charged by the other water suppliers. Of the ten water suppliers, including San Francisco, an average 7.6 percent water rate increase would be the third lowest for single-family residential and multi-family residential customers and the fifth lowest for commercial customers.

Comparison Of Typical Monthly Water Bills

<u>Water Provider</u>	<u>Date Adopted</u>	<u>Single-Family Residential</u>	<u>Multi-Family Residential</u>	<u>Commercial</u>
San Francisco Existing Rate	7/1/94	\$11.39	\$36.20	\$105.10
San Francisco Proposed Rate (7.6% increase)		12.22	38.99	113.19
Alameda City Water District	2/15/96	12.04	37.03	103.83
Contra Costa Water District	1/1/96	31.10	74.67	382.03
Daly City	9/1/95	15.50	71.60	196.60
East Bay MUD	1/1/96	13.74	42.86	111.40
Hayward	7/1/95	12.25	44.80	148.55
Marin Municipal Water District	6/24/93	22.74	117.10	176.58
Palo Alto	7/1/95	13.10	41.20	101.30
San Jose	1/1/95	14.81	30.20	134.00
Santa Clara	7/1/94	10.99	31.40	93.50

7. In addition to retail water rates, the proposed resolution also calls for the following service fee adjustments:

- New fee for late payment after 30 days equal to 0.5% of balance owed plus \$3.00;
- Return check charge increased from \$10.00 to \$15.00;
- Lien fee on property equal to the greater of 10% of the balance owed or \$50.00 as required by the Administrative Code;
- New charge of \$12.00 assessed for 48 hour notice prior to service shut-off for non-payment;
- Charge for shut-off/turn-on reduced from \$25.00 to \$12.00 during normal business hours; a \$25.00 charge assessed at all times other than normal business hours; separate charge assessed for each occurrence;
- Lock charge of \$13.00 assessed for shut-offs for non-payment.

8. The proposed 7.6 percent Water Rate increase is estimated to produce approximately \$4.3 million in additional revenue, at current water consumption rates, in Fiscal Year 1996-97. The Attachment to this report summarizes the calculation of the required rate adjustment based upon estimated revenues and total PUC recommended operating budget and capital expenditures in Fiscal Year 1996-97. The PUC has approved, and submitted to the Mayor, a 1996-97 budget request of \$128.9 million. In addition, the PUC has approved, but not funded, additional capital requirements of approximately \$49.8 million. Total spending needs are therefore approximately \$178.7 million.

These PUC approved spending requirements are to be funded by regular revenues of approximately \$128 million, available fund balance of approximately \$2.6 million, rescissions of existing capital project appropriations amounting to \$18 million, and anticipated bond proceeds of \$26.7 million or a total of \$175.3 million. The addition of approximately \$4.3 million in new revenue, based on the proposed 7.6 percent water rate increase, would result in total revenue sources of \$179.6 million, resulting in a yearend reserve of approximately \$924,000. (Total revenue of \$179.6 million less total spending of \$178.7 million). This reserve amount is less than one percent of the Water Department's budget.

The table below summarizes the PUC's proposed sources and uses of funds for Fiscal Year 1996-97. The Budget Analyst has reviewed and verified the projected fund balance and revenue estimates for the proposed spending plan and concurs with these estimates.

1996-97 SOURCES OF AND USES OF FUNDS

Total Revenues	\$128,063,000	
Available Fund Balance	2,575,806	
Capital Project Rescissions	18,039,530	
Anticipated Bond Proceeds	26,653,000	
Additional Revenue From Proposed Rate Increase	<u>4,272,179</u>	
Total Sources		\$179,603,515
Budgeted Expenditures	128,877,826	
Additional Capital Needs	<u>49,801,332</u>	
Total Uses		<u>178,679,158</u>
Projected Year End Reserve		\$924,357

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1 The PUC intends to submit a request for authorization to issue revenue bonds, in an amount of up to \$250 million, to the Board of Supervisors for the additional capital needs discussed above and other future capital improvements. The sale of a portion of the proposed revenue bond authorization will support the \$26.6 million amount shown in the summary table on the previous page to be applied to the part of the Water Department's total spending needs that has not yet been funded.

2. The PUC's proposed Water Department budget for Fiscal Year 1996-97 has not yet been recommended by the Mayor, and will then be sent to the Board of Supervisors with the Fiscal Year 1996-97 Mayor's Recommended Budget for the City. Reductions to the PUC's proposed budget could therefore be made prior to final approval. Such reductions would permit an increase to the projected year end reserve of approximately \$924,000 which, as noted above, is less than 1 percent of the Department's operating budget.

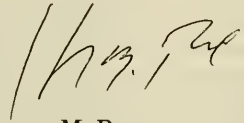
3. The proposed reduction to the Water Department's 1996-97 operating budget, to be considered by the PUC in connection with the reduced rate increase package, would eliminate funding for a ground water environmental impact report that would examine the effects of pumping from wells by Golf courses and cemeteries in the vicinity of Lake Merced and the Daly City and Colma areas. The objective of the project would be to reduce the use of groundwater, from wells, and increase the use of reclaimed water for groundskeeping.

Recommendation: Approval of the proposed rate increase is a policy matter for the Board of Supervisors.

To disapprove the proposed retail water rate increase, the Committee should approve Item 12, File 142-96-1.2 and table the remaining two resolutions (File 142-96-1 and 142-96-1.1).

If the current rate increase request of 9.4 percent, as is contained in the existing legislation, is disapproved, a revised water rate package will be submitted to the Board of Supervisors on May 29, 1996.

Memo to Budget Committee
May 8, 1996



Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Budget Committee
May 8, 1996

**ESTIMATED REVENUES AND EXPENDITURES UNDER EXISTING RATES
FISCAL YEAR 1996-97**

	RETAIL CUSTOMERS IN CITY AND <u>SUBURBAN AREAS</u>	<u>SUBURBAN RESALE</u>	<u>TOTAL</u>
AVAILABLE FUNDS			
Beginning Balance	\$2,575,806		\$2,575,806
Balancing Account	(4,550,343)	4,550,343	0
Capital Project Deobligations	18,039,530		18,039,530
Bond Proceeds	26,653,000		26,653,000
Revenues from Sale of Water	56,365,000	57,098,000	113,463,000
Rents	5,000,000		5,000,000
Interest Income	3,200,000		3,200,000
Miscellaneous	<u>6,400,000</u>		<u>6,400,000</u>
Total Revenues	70,965,000	57,098,000	128,063,000
Total Available Funds	113,682,993	61,648,343	175,331,336
APPLICATION OF FUNDS			
Operating Costs	45,162,029	37,636,716	82,622,303
Debt Service	16,735,581		16,735,581
FM/CIP	<u>29,343,500</u>		<u>29,343,500</u>
Subtotal- Operating	91,241,110	37,636,716	128,877,826
Expenditures			
Additional Capital Spending Needed	49,801,332		49,801,332
Suburban Depreciation Expense	(8,353,116)	8,353,116	0
Suburban Return	(15,228,098)	15,228,098	0
Interest	<u>493,944</u>	<u>(493,944)</u>	<u>0</u>
Total Application of Funds	117,955,172	60,723,986	178,679,158
Surplus or (Deficit)	(4,272,179)	924,357	(3,347,822)
Required Rate Adjustment	7.6%	(1.6%)	3.0%

* Required rate adjustment is the percentage value of the surplus or deficit amount as a percentage of revenues from the sale of water. Due to the effects of rounding rates to the nearest cent, the 7.6% average rate increase is achieved through rate increases as shown in the Comparison table on the third page of this report. Such increases range from 7.3% for the average single family customer, to 7.7% for all other typical customers.

BOARD OF SUPERVISORS
BUDGET ANALYST

CALENDAR

BUDGET COMMITTEE BOARD OF SUPERVISORS

CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

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WEDNESDAY, MAY 22, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVE, ROOM 410
SAN FRANCISCO, CA. 94102

MEMBERS: Supervisors Tom Hsieh, Barbara Kaufman, Sue Bierman

CLERK: Gregoire Hobson

* * * * *

Disability Access

Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F Line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6075.

RELEASE OF RESERVED FUNDS

1. File 101-92-33.7. [Release of Reserved Funds-Fire Dept.] Hearing to consider release of reserved funds, Fire Dept. (1986 Fire Protection Bond Fund) in the amount of \$61,361, for the purpose of installing emergency generators at Fire Stations No. 34 and 41; also see File 148-92-7.9. (Fire Dept.)

ACTION:

2. File 148-92-7.9. [Release of Reserved Funds - Fire Dept.] Hearing to consider release of reserved funds, Fire Dept. (State Hazard Mitigation Grant from FEMA) in the amount of \$61,361, for the purpose of installing emergency generators at Fire Stations No. 34 and 41; also see File 101-92-33.7. (Fire Department)

ACTION:

3. File 101-94-40.3. [Release of Reserved Funds - Fire Dept.] Hearing to consider release of reserved funds, Fire Department (1992 Fire Station Improvement Bonds), in the amount of \$1,051,000, for the purpose of awarding the construction contract of four (4) alternate schedules to include emergency generators at Fire Station No. 41; see File 101-92-60.13. (Department of Public Works)

ACTION:

4. File 101-92-60.13. [Release of Reserved Funds - Fire Dept.] Hearing to consider release of reserved funds, Fire Department (1992 Prop C Bond Issue Fund), in the amount of \$130,000, for the purpose of funding Fire Station No. 41 construction contract. (Department of Public Works)

ACTION:

5. File 101-92-60.14. [Release of Reserved Funds - Fire Dept.] Hearing to consider release of reserved funds, Fire Department (1992 Prop C Bond Issue Fund), in the amount of \$1,297,000, for the purpose of funding Fire Station No. 18 construction contract. (Department of Public Works)

ACTION:

6. File 101-92-60.15. [Release of Reserved Funds - Fire Dept.] Hearing to consider release of reserved funds, Fire Department (1992 Prop C Bond Issue Fund), in the amount of \$1,371,000, for the purpose of funding Fire Station No. 34 construction contract. (Department of Public Works)

ACTION:

7. File 101-94-13.3. [Release of Reserved Funds - Fire Dept.] Hearing to consider release of reserved funds, Fire Department (Special Gas Tax and Road Funds), in the amount of \$216,515, to fund the Dragon Light contract, Phase 2 of the Chinatown Lighting Improvement Project. (Department of Public Works)

ACTION:

8. File 101-94-40.4. [Release of Reserved Funds - Fire Dept.] Hearing to consider release of reserved funds, Fire Dept. (1992 Fire Station Improvement Bonds), in the amount of \$462,300, for the purchase of funding Fire Station No. 34 construction contract. (Dept. of Public Works)

ACTION:

9. File 101-95-54.1. [Release of Reserved Funds - Police Dept.] Hearing to consider release of reserved funds, Police Dept. (Narcotics Forfeiture and Asset Seizure Funds), in the amount of \$183,200, for the purchase of laboratory equipment. (Police Department)

ACTION:

10. File 101-95-42.1. [Release of Reserved Funds - Recreation and Park Dept.] Hearing to consider release of reserved funds, Recreation and Park Dept. (General Fund Reserve) in the total amount of \$236,000 (\$174,245 for storm damage repair by contractors and \$61,755 for asphalt repair and additional roof repair to be done by the Bureau of Building Repair, Dept. of Public Works). (Dept. of Public Works)

ACTION:

11. File 101-94-107.5. [Release of Reserved Funds - Port] Hearing to consider release of reserved funds, Port (S.F. Harbor Operating Fund), in the amount totaling \$1,098,813.50 for the following capital improvement projects: 1) Pier 35 cruise terminal improvements \$250,000; 2) Ferry Building repairs \$250,000; and 3) Pier 70 repair and upgrade of five cranes \$232,813.50. (Port)

ACTION:

REGULAR CALENDAR

12. File 127-96-5. [Summer Youth Employment Credit] Ordinance amending Part III, Articles 12-A (the Payroll Expense Tax Ordinance) and 12-B (the Business Tax Ordinance) of the Municipal Code to add Sections 906-C and 1005.7 respectively, to provide for credits against those taxes for businesses hiring youths between the ages of 14 & 21 for the summer; and providing that the provisions of these credits expire on December 31, 2001. (Supervisors Yaki, Leal, Ammiano, Bierman, Teng, Alioto, Kaufman)
(Consideration continued from 5/15/96)

ACTION:

13. File 101-95-79. [Appropriation, Assessor's Office] Ordinance amending the 1995-96 Annual Appropriation ordinance by appropriating \$357,249, Assessor's Office, of AB 818 State Loan Revenue, for salaries, fringe benefits and equipment purchase for the creation of six (6) positions for staff support at the Assessor's Office, for the first year of a three-year project to reduce the assessment backlog; companion measure to File 102-95-20. RO #95202. (Controller)

ACTION:

14. File 102-95-20. [Salary Ordinance Amendment, Assessor's Office] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96), Assessor's Office, reflecting the creation of six (6) positions (Classification 4265 Senior Appraiser (1); 4261 Appraiser (2); 4220 Auditor (2); and 4203 Senior Assessment Clerk (1)); companion measure to File 101-95-79. (Department of Human Resources)

ACTION:

15. File 101-95-78. [Appropriation, DPH-Mental Health/SFGH] Ordinance rescinding \$621,105, Mental Health, of Mental Health Professional Services and appropriating \$205,030 to salaries and fringe benefits for the creation of eighteen (18) full time equivalent positions at Mental Health, and transferring and appropriating \$416,075 for S.F. General Hospital for salaries, fringe benefits, non-personal services, materials and supplies and equipment purchase for the creation of two hundred twenty-two (222) full time equivalent positions for the operation of the Mental Health Rehabilitation Facility for Fiscal Year 1995-96; companion measure to File 102-95-19. RO #95200. (Controller)

ACTION:

16. File 102-95-19. [Salary Ordinance Amendment, DPH-Mental Health/SFGH] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96), Dept. of Public Health-Mental Health, reflecting the creation of eighteen (18) positions at Mental Health-Substance Abuse Services, and two hundred twenty-two (222) positions at San Francisco General Hospital for the operation of the Mental Health, Rehabilitation facility for Fiscal Year 1995-96; companion measure to File 101-95-78. (Department of Human Resources)

ACTION:

17. File 161-95-6.1. [Redevelopment Agency Budget and Bonds] Resolution approving and amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for Fiscal Year 1995-96 by increasing by \$1,000,000 the Agency's expenditure for the South of Market Earthquake Recovery Redevelopment Project Area; approving the issuance of not to exceed \$1,143,000 of Tax Allocation Bonds; and authorizing the Agency to increase its Annual Statement of Indebtedness by \$98,069. (Supervisor Bierman)
(Consideration continued from 2/6/95)

ACTION:

BUDGET COMMITTEE
S.F. BOARD OF SUPERVISORS
VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 308
SAN FRANCISCO, CA 94102

IMPORTANT HEARING NOTICE

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 17, 1996

TO: Budget Committee**FROM:** Budget Analyst*Recommendation for action* DOCUMENTS DEPT.**SUBJECT:** May 22, 1996 Budget Committee Meeting

MAY 21 1996

SAN FRANCISCO
PUBLIC LIBRARYItems 1 and 2 - Files 101-92-33.7 and 148-92-7.9**Departments:** Fire Department
Department of Public Works (DPW)**Items:** Item 1, File 101-92-33.7 - Release of reserved funds for the Fire Department in the amount of \$61,361, for the purpose of installing emergency generators at Fire Station No. 34 located at 499 41st Avenue and Fire Station No. 41 located at 1325 Leavenworth Street.

Item 2, File 148-92-7.9 - Release of reserved funds for the Fire Department in the amount of \$61,361, for the purpose of installing emergency generators at Fire Station No. 34 and Fire Station No. 41.

Amount: \$61,361 - File 101-92-33.7
61,361 - File 148-92-7.9
\$122,722 Total**Source of Funds:** \$61,361 - 1986 Fire Protection Bonds (File 101-92-33.7)
\$61,361 - State Hazard Mitigation Grant funds (File 148-92-7.9)

Description:

In November of 1986, San Francisco voters approved the issuance of \$46.2 million in Fire Protection Bonds (General Obligation bonds) to finance improvements to the City's fire protection system. In February of 1993, the Board of Supervisors approved legislation appropriating \$1,191,769 in the 1986 Fire Protection Bond funds and placing \$623,350 of the \$1,191,769 on reserve for emergency generators pending the selection of contractors, the MBE/WBE status of the contractors and the contract cost details. The Fire Department is now requesting that \$61,361 of the reserved funds (Item 1, File 101-92-33.7) be released for the purpose of financing one-half of the cost of installing one emergency generator each at Fire Stations Nos. 34 and 41.

In September of 1992, the Board of Supervisors approved a resolution authorizing the Department of Public Works to accept and expend a State Hazard Mitigation Grant in the amount of \$500,000 for the purpose of installing emergency generators in Fire Department facilities, and placing those funds on reserve pending the selection of contractors, the MBE/WBE status of the contractors and the contract cost details. Under the terms of the State Hazard Mitigation Grant program, State grant funds provide 50 percent of the cost of installing emergency generators in Fire Department facilities, and the City is required to provide the remaining 50 percent. The Fire Department is now requesting that \$61,361 of the reserved State Hazard Mitigation Grant funds (Item 2, File 148-92-7.9) be released for the purpose of financing one-half of the cost of installing one emergency generator each at Fire Stations Nos. 34 and 41.

The Fire Department advises that the total estimated cost of the emergency generators is \$47,300 for Fire Station No. 34 and \$75,422 for Fire Station No. 41, for a total of \$122,722 for both generators. As noted above, 50 percent of the cost of the emergency generator at each station will be funded by the City from 1986 Fire Protection Bond funds, and 50 percent will be funded from State Hazard Mitigation Grant funds. Installation of the emergency generators will be performed in conjunction with the scheduled overall renovation of Fire Stations Nos. 34 and 41. The DPW has conducted an Invitation for Bids process to select the contractors for these overall renovation projects.

For the renovation of Fire Station No. 41, the DPW has selected C. H. General Contractor, based on a total bid amount of \$1,020,350. C. H. General Contractor is an MBE firm. Details of the budget for the renovation of Fire Station

No. 41, including the cost of installing the emergency generator, are shown in Items 3 and 4 of this report.

For the renovation of Fire Station No. 34, the DPW has selected Cresci Electric Construction Inc., based on a total bid amount of \$1,265,939. Cresci Electric Construction Inc. is a WBE firm. Details of the budget for the renovation of Fire Station No. 34, including the cost of installing the emergency generator, are shown in Items 6 and 8 of this report.

Recommendation: Approve the proposed release of reserved funds as requested.

Items 3 and 4 - Files 101-94-40.3 and 101-92-60.13

Department: San Francisco Fire Department (SFFD)
Department of Public Works (DPW)

Item: Item 3, File 101-94-40.3 - Release of reserved funds, Fire Department (1992 Proposition C Bond Issue), in the amount of \$1,051,000, for the purpose of funding the construction contract for Fire Station No. 41 located at 1325 Leavenworth Street.

Item 4 - File 101-92-60.13 Release of reserved funds, Fire Department (1992 Proposition C Bond Issue), in the amount of \$130,000, for the purpose of funding the construction contract for Fire Station No. 41.

Amount: \$1,051,000 - File 101-94-40.3
130,000 - File 101-92-60.13
\$1,181,000 Total

Source of Funds: \$1,051,000 - 1992 Fire Protection Bonds (File 101-94-40.3)
\$130,000 - 1992 Fire Protection Bonds (File 101-92-60.13)
\$1,181,000 Total

Description: In November of 1992, the voters approved Proposition C, authorizing the issuance of Fire Protection Bond Series 1993D. A total of \$40.8 million in these General Obligation bonds were approved to finance improvements related to various Fire Department facilities.

In January of 1995, the Board of Supervisors approved an appropriation request of \$9,400,000 from the Series 1993D Fire Protection Bond funds, placing \$4,630,882 on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and contract cost details. The Fire Department is now requesting that \$1,051,000 of these reserved funds (Item 3, File 101-94-40.3) be released for the purpose of funding the construction contract for Fire Station 41.

In May of 1993, the Board of Supervisors approved an appropriation request of \$15,204,533 from the Series 1993D Fire Protection bond funds. At the same time, the Board placed \$10,788,125 of these bond funds on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and contract cost details. The Fire Department is now requesting that \$130,000 of these reserved funds (Item 4, File 101-92-60.13) be released for the purpose of funding the construction contract for Fire Station 41.

Memo to Budget Committee
May 22, 1996 Budget Committee Meeting

The proposed release of reserved funds, totaling \$1,181,000 (\$1,051,000 plus \$130,000), would be used to pay for a portion of the construction contract and related costs for the renovation of Fire Station No. 41, located at 1325 Leavenworth Street. The overall cost of the project is \$1,682,000, with the remaining funds in the amount of \$501,000 to be provided from other bond and grant funds (See Comment No. 2). The scope of work for this building includes seismic upgrades, disabled access improvements, renovation of mechanical and electrical systems, and installation of separate facilities for male and female firefighters.

The Department of Public Works (DPW) has conducted a competitive bidding process for this contract and has selected C.H. General Contractor as the lowest responsible bidder, based on a bid amount of \$1,020,350. C.H. General Contractor is a City-certified MBE. Attachment I shows the bidders, bid amounts, and MBE/WBE/LBE status of the bidders on the Fire Station No. 41 project.

Budget:

The estimated overall project cost for Fire Station No. 41 is \$1,682,000, as follows:

Construction contract	\$1,020,350	
Asbestos abatement	<u>29,241</u>	
Sub-total construction		1,049,591
Contingency (14% of construction)		147,409
Basic Design & Engineering (See Attachment II)	130,176	
Construction Management	105,500	
Construction Services	62,000	
Geotech, Surveys, Data	16,301	
Additional Design & Engineering	88,202	
Project Management	35,500	
Regulatory Agency Approvals	34,121	
Administration, Testing, Inspection	<u>13,200</u>	
Sub-total other cost		<u>485,000</u>
TOTAL		\$1,682,000

Comments:

1. Attachment II, provided by the DPW, details the construction costs, architectural, design and engineering costs, and other costs for the renovation of fire Station No. 41. Attachment II also provides the percentage of architectural, design and engineering costs to construction

BOARD OF SUPERVISORS
BUDGET ANALYST

costs, and the hours and hourly rates of the DPW staff who are to perform the architectural, design and engineering work for the Fire Station No. 41 project.

2. As noted above, the overall cost of renovation of Fire Station No. 41 is \$1,682,000, with \$1,181,000 to be provided under the proposed subject release of reserved funds, and the remaining amount of \$501,000 to be provided as follows;

- \$416,400 will be provided from previously approved 1992 Fire Protection Bond funds,
- \$37,711 representing 50% of the \$75,422 cost of installation of an emergency generator for Fire Station No. 41 will be provided from 1986 Fire Protection Bond funds which are reserved for this purpose. A request for release of these reserved funds is the subject of Item 1, File 101-92-33.7 of this report.
- \$37,711 representing 50% of the \$75,422 cost of installation of an emergency generator for Fire Station No. 41 will be provided from State Hazard Mitigation Grant funds which are reserved for this purpose. A request for release of these reserved funds is the subject of Item 2, File 148-92-7.9 of this report.
- \$9,178 will be provided from Energy Conservation Program funds, which are provided by the Public Utilities Commission in order to cover the cost of upgrading lighting systems and other systems to higher standard of energy efficiency.

Recommendation: Item 3, File 101-94-40.3 Approve the proposed release of reserved funds as requested.

Item 4 - File 101-92-60.13 Approve the proposed release of reserved funds as requested.

BIDS RECEIVED:

BIDDERS:

13-Mar-96
 Crecel Electric, INC.
 C.H. General Contractor
 West Bay Builders Inc/Stewart Thompson, Inc., JV.
 Chiang C.M. Construction
 MLS Construction
 CICO (Commercial & Interiors Construction, Inc.)
 A.R. Construction Company
 A. Ruiz Construction Co. & Assoc., Inc.

Base Bid	Δ#1	Δ#2	Δ#3	Δ#4	Δ#5
WBE/LBE	860,000	58,505	N/A	7,928	29,600
MBE/LBE	888,000	76,300	N/A	7,000	15,750
WBE/LBE/JV 10%	833,000	60,000	N/A	6,000	18,000
MBE/LBE	928,102	73,000	N/A	10,100	16,400
MBE/LBE	966,632	55,262	N/A	6,788	15,600
LBE	875,800	102,613	N/A	7,621	18,980
MBE/LBE	882,828	83,642	N/A	10,871	11,253
MBE/LBE	1,237,115	91,428	N/A	10,887	23,910
					78,642

Total
 1,024,288
 1,020,350
 1,033,000
 3.

APPARENT LOW BIDDER:

Crecel Electric, INC.
 Pier 8 Embarcadero, #111
 San Francisco, CA 94111
 Tel. (415) 421-9118

SUBCONTRACTORS:

Handypersons
 Lino Larry
 Pioneer Roofing
 Byron EPD
 MLS Construction
 Nicholas
 CH Chen
 Finmez
 P & D Demo
 General Construction
 Flooring
 Roofing
 Doors
 Concrete
 Demolition
 Plumbing & Electrical
 Mechanical
 Demolition

170,000
 18,083
 18,550
 23,481
 82,501
 63,741
 124,000
 98,042
 30,000

Average Bid: 875,165
 Architect's Estimate: 1,087,000
 % Architect's Estimate: 90%
 76,484
 74,880
 102%
 N/A
 N/A
 8,427
 8,500
 89%
 18,687
 27,500
 65%
 65,523
 92,500
 71%

John Zarnovych
 Ann Branson
 Todd Cockburn
 Norm Karasick
 Minda Tan
 Mary Stekweather

Gary Johnson
 Mark Primeau
 Joe Cheung
 Maurice Williams
 Controller

PROJECT: FIRE STATION 41

LOCATION: 1325 LEAVENWORTH STREET

Description of Project:

This project is to seismically upgrade the two-story building, originally built in 1955, to minimum code level. In addition, disabled access, female facilities and modification of mechanical and electrical systems, and related work will be performed.

Total Project Coats: \$1,682,000

Total Basic A/E Costs: \$130,176

Percent of A/E Costs to Construction Costs: 10.88%

estimate dates of project completion: July 15, 1997

Distribution of Funds:

		% of Construction
Construction	1,020,350	
Construction Contingency	147,409	
Asbestos Abatement	29,241	
Total Construction, Purchases & Installation	1,197,000	
 A/E Basic Design Services	130,176	10.88%
Construction Management	105,500	
A/E Construction Services	62,000	
Geotech, Surveys and Data	16,301	
Additional A/E Services	88,202	
Project Management	35,500	
Reg. Agency Approvals	34,121	
City Administration Services	13,200	
TOTAL PROJECT COSTS	\$1,682,000	

5444-H.5444-1

Ref: 5444-h1/prjcost4/pw

FRANCISCO FIRE DEPARTMENT BOND PROJECT / JOB NO.:5444A
 Subject: Fire Station 41
 Location: 1325 Leavenworth Street

Project Cost Breakdown:

• **Funding Source***

1992 Fire Bond Construction Reserve-Stn. 41	1,051,000	
Funds Realloc. from Station 25 project	<u>130,000</u>	
	1,181,000	Current Request
1992 Fire Bond Approved Funds	416,400	
50% State Hazard Mitigation Grant/50% 1986 Fire Protection Program	75,422	
PUC/Energy Conservation Funds	<u>9,178</u>	

Total Project Budget: \$1,682,000

*\$545,994 max. approved State Seismic Grant is eligible and may subject to reimbursement: Should eligible cost reimbursed, SFFD will allocate the reimbursed cost to the SFFD bond program contingency for other projects.

• **Expenditure Plan**

Funding for construction will be expended as follows:

Construction		1,020,350
Construction Contingency		147,409
Hazardous Waste Abatement		
Consultant Cost	7,650	
Contractor cost	17,597	
10% Contingency	<u>2,658</u>	
Total Hazardous Waste Abatement		<u>29,241</u>
Total Construction, Purchases, Installation		\$1,197,000

Basic Architectural/Engineering Design Services

Architect	\$25,564	332 hrs. x \$77/hr.
Engineering Intern	14,592	420 hrs. x \$34/hr.
Architectural Associate	<u>22,844</u>	346hrs. x \$66/hr.

Sub-total **\$63,000**

Mechanical Engineer	26,000	371 hrs. x \$70/hr.
Electrical Engineer	12,176	174 hrs. x \$70/hr.
Supervising Engineer	4,000	50 hrs. x \$80/hr.
Civil Engineer	16,125	215 hrs. x \$75/hr.
Associate Engineer	<u>8,875</u>	132hrs. x \$62/hr.

Sub-total **67,176**

Resident Engineer	17,000	225 hrs. x \$76/hr.
DPW/BCM Clerical Support	11,000	200 hrs. x \$55/hr.
Inspector	60,000	900 hrs. x \$67/hr.
Wage Check, Testing, Special- Inspection, and Public Affairs	<u>13,500</u>	(Lump Sum)

Total Construction Management: **\$105,500**

A/E Construction Services	62,000
Geotech, Surveys & Data	16,301
Additional A/E Services	88,202
Project Management	35,500
Reg. Agency Approvals(DBI, City Planning, & etc.)	34,121
City Adm. Services(Real Estate/State Arch.Grant.)	<u>13,200</u>
Total Project Cost:	\$1,682,000

Memo to Budget Committee
May 22, 1996 Budget Committee Meeting

Item 5 - File 101-92-60.14

Department: San Francisco Fire Department (SFFD)
Department of Public Works (DPW)

Item: Release of reserved funds, Fire Department (1992 Proposition C Bond Issue), in the amount of \$1,297,000, for the purpose of funding the construction contract for Fire Station No. 18 located at 1933 32nd Avenue.

Amount: \$1,297,000

Source of Funds: 1992 Fire Protection Bond Funds, Series 1993D

Description: In November of 1992, the voters approved Proposition C, authorizing the issuance of Fire Protection bonds series 1993D. A total of \$40.8 million in these General Obligation bonds were approved to finance improvements related to various Fire Department facilities. In May of 1993, the Board of Supervisors approved an appropriation request of \$15,204,533 from the Series 1993D Fire Protection bond funds. At the same time, the Board placed \$10,788,125 of these bond funds on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and contract cost details.

The proposed release of reserved funds, in the amount of \$1,297,000, would be used to pay for a portion of the construction contract and related costs for the renovation of Fire Station No. 18, located at 1933 32nd Avenue. The overall cost of the project is \$2,309,000, with the remaining funds in the amount of \$1,012,000 to be provided from other bond funds (See Comment No. 2). The scope of work for this building includes seismic upgrades, disabled access improvements, renovation of mechanical and electrical systems, and installation of separate facilities for male and female firefighters.

The Department of Public Works (DPW) has conducted a competitive bidding process for this contract and has selected Chiang C.M. Construction as the lowest responsible bidder, based on a bid amount of \$1,259,883. Chiang C.M. Construction is a City-certified MBE. Attachment I shows the bidders, bid amounts, and MBE/WBE/LBE status of the bidders on the Fire Station No. 18 project.

Memo to Budget Committee
May 22, 1996 Budget Committee Meeting

Budget: The estimated overall project cost for Fire Station No. 18 is \$2,309,000, as follows:

Construction contract	\$1,259,883	
Asbestos abatement	<u>56,848</u>	
Sub-total construction		\$1,316,731
Contingency (15.4% of construction)		203,269
Basic Design & Engineering (See Attachment II)	163,100	
Construction Management	158,000	
Construction Services	112,620	
Geotech, Surveys, Data	33,950	
Additional Design & Engineering	146,096	
Project Management	60,500	
Regulatory Agency Approvals	93,734	
Administration, Testing, Inspection	<u>21,000</u>	
Sub-total other cost		<u>789,000</u>
TOTAL		\$2,309,000

Comments: 1. Attachment II, provided by the DPW, details the construction costs, architectural, design and engineering costs, and other costs for the renovation of Fire Station No. 18. Attachment II also provides the percentage of architectural, design and engineering costs to construction costs, and the hours and hourly rates of the DPW staff who are to perform the architectural, design and engineering work for the Fire Station No. 18 project.

2. As noted above, the overall cost of renovation of Fire Station No. 18 is \$2,309,000, with \$1,297,000 to be provided under the proposed subject release of reserved funds, with the remaining amount of \$1,012,000 to be provided from previously approved 1992 Fire Protection Bond funds.

Recommendation: Approve the proposed release of reserved funds as requested.

TABULATION OF BIDS

SPECIFICATION#: 5437A

TITLE: SFFD Station No. 18

Renovation
1933-32nd Avenue

BIDS RECEIVED: March 20, 1996

BIDDERS: Chiang C. M. Construction Inc.

West BayBuilders Inc./D. Stewart Thompson Inc., a JV

Trico Construction

CICO

A.R. Construction Co.

Cresci Electric Inc.

A. Ruiz Construction Assoc., Inc.

APPARENT LOW BIDDER: Chiang C. M. Construction Inc.

SUBCONTRACTORS:

C & S Ironworks

City Lumber

W L Electric

Yum's Mechanical

CWS Concrete Wall

Pacific Sun Construction

BL Construction

Dee Hennessy

Trini Chance

Base Bid	Alt#1
MBE/LBE	1,256,683
MBE/LBE/JV10%	1,303,000
WBE/LBE	1,425,748
MBE/LBE	1,482,969
MBE/LBE	1,496,978
WBE/LBE	1,519,000
MBE/LBE	1,630,145
Average Bid:	1,444,932
Architect's Estimate:	1,300,000
% Architect's Estimate:	111%
	24,827
	Unknown

Tel. (415) 822-6088

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Electrical

Mechanical/HVAC

Sheet Metal

Hard Demolition

Painting

Gypsum Board

Shotcrete

Demolition

Standard Cabinets & Carpe

Mt. Diablo Flooring System

Florcon Inc.

D & S Associates

Golden Gate Glass

Alcal Roofing

D & S Associates

CASCO

City Lumber

Wood Work

Flooring

Resilient Floor

Plumbing

Window/Glaze

Roofing

Fire Protection

Overhead Door

Material Supply

cc: Gene Wong

Ann Branson

Todd Cockburn

Norm Karasick

Minda Tan

Mary Starkweather

Don Eng

DPW Accounting

Helen Lui

Joe Cheung

Bob Swanson

PROJECT: FIRE STATION 18

Location: 1933 32nd Avenue

Description of Project:

This project is to seismically upgrade the two-story concrete building to minimum code requirements. In addition, disabled access, female facilities and modification to mechanical and electrical systems, and other work will be performed.

Total Project Costs: \$2,309,000**Total Basic A/E Costs: \$163,100**

Percentage of A/E Basic Design Services Costs to Construction Costs: 10.73 %

Estimated dates of project completion: June 1, 1997

Distribution of Funds:

		% of Construction
Construction	\$1,259,883	
Construction Contingency	203,269	
Asbestos Abatement	<u>56,848</u>	
Construction	\$1,520,000	
Purchases, Installation		
A/E Basic Design Services	163,100	10.73 %
Construction Management	158,000	
A/E Construction Services	112,620	
Geotech, Surveys, and Data	33,950	
Additional A/E Services	146,096	
Project Management	60,500	
City Admin. Services	21,000	
Reg. Agency Approvals	<u>93,734</u>	
	\$2,309,000	

SAN FRANCISCO FIRE DEPARTMENT BOND PROJECT / JOB NO.: 5437A

Project: Fire Station 18

Location: 1933 32nd Avenue

Project Cost Breakdown:

• <u>Funding Resource</u>		
Construction Reserve (under various stns.)	1,297,000	Current Request
Approved Funds	<u>1,012,000</u>	
Total Project Budget:		\$2,309,000

*\$1,311,120 max. approved State Seismic Grant is eligible and may subject to reimbursement: Should eligible cost reimbursed, SFFD will allocate the reimbursed cost to the SFFD bond program contingency for other projects.

• Expenditure Plan

Funding for construction will be expended as follows:

Construction	1,259,883	
Construction Contingency	203,269	
Asbestos Abatement	<u>56,848</u>	
Total Construction & Installation		1,520,000

Basic Architectural/Engineering Design Services

Architect	\$30,000		390 hrs. x \$77/hr.
Engineering Intern,	17,000		500 hrs. x \$34/hr.
Architectural Associate,	<u>35,500</u>		538 hrs. x \$66/hr.
Subtotal Arch. Design		82,500	
Mechanical Engineer,	27,000		386 hrs. x 70/hr.
Electrical Engineer,	12,300		176 hrs. x \$70/hr.
Supervising Engineer	4,700		59 hrs. x \$80/hr.
Civil Engineer	16,400		216 hrs. x \$76/hr.
Associate Engineer	<u>20,200</u>		326 hrs. x \$62/hr.
Subtotal Engr. Design		80,600	
Resident Engineer	79,000		1,013 hrs. x \$768/hr.
Supervising Engineer	13,400		129 hrs. x \$104/hr.
Inspector	54,600		791 hrs. x \$69/hr.
Wage Check, Contr. Prep., and Public Affairs	<u>11,000</u>		(Lump Sum)
Subtotal Construction Management		158,000	
A/E Construction Services		112,620	
Geotech, Surveys & Data		33,950	
Additional A/E Services		146,096	
Project Management		60,500	
Reg. Agency Approvals (DBI, Real Estate, etc.)		93,734	
City Adm. Services (Real Estate/State Arch.)		<u>21,000</u>	
Total Project Cost:		\$2,309,000	

Items 6 and 8 - File 101-92-60.15 and File 101-94-40.4

Department: San Francisco Fire Department (SFFD)
Department of Public Works (DPW)

Item: Item 6 - File 101-92-60.15 Hearing to consider a release of reserved funds, Fire Department (1992 Proposition C Bond Issue), in the amount of \$1,371,200, for the purpose of funding the construction contract for Fire Station No. 34 located at 499 41st Avenue.

Item 8 - File 101-94-40.4 Hearing to consider a release of reserved funds, Fire Department (1992 Proposition C Bond Issue), in the amount of \$462,300, for the purpose of funding the construction contract for Fire Station No. 34.

Amount: \$1,371,200 - File 101-92-60.15
462,300 - File 101-94-40.4
\$1,833,500 Total

Source of Funds: \$1,371,200 - 1992 Fire Protection Bonds (File 101-92-60.15)
462,300 - 1992 Fire Protection Bonds (File 101-94-40.4)
\$1,833,500 Total

Description: In November of 1992, the voters approved Proposition C, authorizing the issuance of Fire Protection Bonds Series 1993D. A total of \$40.8 million in these General Obligation bonds were approved to finance improvements related to various Fire Department facilities.

In January of 1995, the Board of Supervisors approved an appropriation request of \$9,400,000 from the Series 1993D Fire Protection Bond funds, placing \$4,630,882 on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and contract cost details. The Fire Department is now requesting that \$1,371,200 of these reserved funds (Item 6, File 101-92-60.15) be released for the purpose of funding the construction contract for Fire Station 34.

In May of 1993, the Board of Supervisors approved an appropriation request of \$15,204,533 from the Series 1993D Fire Protection bond funds. At the same time, the Board placed \$10,788,125 of these bond funds on reserve pending the selection of contractors, the MBE/WBE status of the contractors, and contract cost details. The Fire Department is now requesting that \$462,300 of these reserved funds (Item 9, File 101-94-40.4) be released for the purpose of funding the construction contract for Fire Station 34.

BOARD OF SUPERVISORS
BUDGET ANALYST

The proposed release of reserved funds, totaling \$1,833,500 (\$1,371,200 plus \$462,300), would be used to pay for a portion of the construction contract and related costs for the renovation of Fire Station No. 34, located at 499 41st Avenue. The overall cost of the project is \$2,351,000, with the remaining funds in the amount of \$517,500 to be provided from other bond and grant funds (See Comment No. 2). The scope of work for this building includes seismic upgrades, disabled access improvements, renovation of mechanical and electrical systems, and installation of separate facilities for male and female firefighters.

The Department of Public Works (DPW) has conducted a competitive bidding process for this contract and has selected Cresci Electric Inc. as the lowest responsible bidder, based on a bid amount of \$1,265,939. Cresci Electric Inc. is a City-certified WBE. Attachment I shows the bidders, bid amounts, and MBE/WBE/LBE status of the bidders on the Fire Station No. 34 project.

Budget:

The estimated overall project cost for Fire Station No. 34 is \$2,351,000, as follows:

Construction contract	\$1,265,939	
Art enrichment	15,000	
Air Raid Siren relocation	2,865	
Asbestos abatement	27,162	
Sub-total construction		1,310,966
Contingency (18% of construction)		237,570
Basic Design & Engineering (See Attachment II)	168,000	
Construction Management	151,000	
Construction Services	118,750	
Geotech, Surveys, Data	29,929	
Additional Design & Engineering	156,215	
Project Management	57,000	
Regulatory Agency Approvals	98,570	
Administration, Testing, Inspection	<u>23,000</u>	
Sub-total other cost		<u>802,464</u>
TOTAL		\$2,351,000

Comments:

1. Attachment II, provided by the DPW, details the construction costs, architectural, design and engineering costs, and other costs for the renovation of fire Station No. 34. Attachment II also provides the percentage of architectural, design and engineering costs to construction costs, and the

hours and hourly rates of the DPW staff who are to perform the architectural, design and engineering work for the Fire Station No. 34 project.

2. As noted above, the overall cost of renovation of Fire Station No. 41 is \$2,351,000, with \$1,833,500 to be provided under the proposed subject release of reserved funds, and the remaining amount of \$517,500 to be provided as follows;

- \$452,500 will be provided from previously approved 1992 Fire Protection Bond funds,

- \$23,650 representing 50% of the \$47,300 cost of installation of an emergency generator for Fire Station No. 41 will be provided from 1986 Fire Protection Bond funds which are reserved for this purposed. A request for release of these reserved funds is the subject of Item 1, File 101-92-33.7 of this report.

- \$23,650 representing 50% of the \$47,300 cost of installation of an emergency generator for Fire Station No. 41 will be provided from State Hazard Mitigation Grant funds which are reserved for this purposed. A request for release of these reserved funds is the subject of Item 2, File 148-92-7.9 of this report.

- \$17,700 will be provided from Energy Conservation program funds, which are provided by the Public Utilities Commission in order to cover the cost of upgrading lighting systems and other systems to higher standard of energy efficiency.

Recommendation: Item 6 - File 101-92-60.15 Approve the proposed release of reserved funds as requested.

Item 8 - File 101-94-40.4 Approve the proposed release of reserved funds as requested.

TABULATION OF BIDS

TABULATION OF BIDS

NO.: 5442A

TITLE: SFFD Station No. 34 Renovation
499 - 41st Avenue

RECEIVED: April 3, 1996

BIDS:

Cresci Electric
CICOR&W, JV
MLS Construction
Cuevas-Mannion Construction
Chiang CM Construction
West Bay/D. Stewart Thompson, JV
A.R. Construction
A. Ruiz Construction

Base Bid	Alt #1	Alt #2	Alt #3
WB/EALBE	1,214,373	41,551	4,015
MBEALBE/JV 10%	1,229,253	45,000	3,578
MBEALBE	1,238,000	39,385	7,500
MBEALBE	1,244,000	75,000	3,900
MBEALBE	1,284,250	49,126	3,995
WB/EALBE/JV 10%	1,331,150	45,000	4,200
MBEALBE	1,353,142	56,400	4,294
MBEALBE	1,503,367	62,541	3,919

Average Bid:
Architect's Estimate:
% Architect's Estimate:

1,299,692	51,750	4,425	22,654
1,300,000	55,000	1,800	3,000
100%	94%	246%	755%

RENT LOW BIDDER:

Cresci Electric
Pier 9
San Francisco, CA 94111

Tel: (415) 421-9118

CONTRACTORS:

Handy/persons
Chen
MLS
Byron Epp
Omega
Golden State
RH
Monroe

Gen construction
Plumbing, fire protection
Structural demo
doors
Roof
Glazing
Mechanical
Floor

260,276
70,900
302,024
43,255
18,800
28,148
141,842
21,728

Tony Leung
Ann M. Branstion
Todd Cockburn
Norm Karasick
Minda Tan
Mary Starkweather

Gary Johnson
Mark Primeau
Joe Cheung
Maurice Williams
Controlier

PROJECT: FIRE STATION 34

Location: 499 41st Avenue

Description of Project:

This project is to seismically upgrade the existing two-story masonry building to minimum code requirements and construct a new two-story addition to house additional fire department program areas. In addition, disabled access, female facilities and modification to the mechanical and electrical systems and other work will be performed.

Total Project Costs: \$2,351,000

Total Basic A/E Costs: \$168,000

Percentage of A/E Basic Design Services Costs to Construction

Costs: 10.85%

Estimated dates of project completion: April 30, 1997

Distribution of Funds:

		% of Construction
Construction	\$1,265,939	
Construction Contingency	237,570	
Art Enrichment	15,000	
Hazardous Materials Abatement	27,162	
Air Raid Siren Relocation	2,865	
Construction, Purchases, Installation	\$1,548,536	
A/E Basic Design Services	168,000	10.85%
Construction Management	151,000	
A/E Construction Services	118,750	
Geotech, Surveys and Data	29,929	
Additional A/E Services	156,215	
Project Management	57,000	
City Administration Services	23,000	
Reg. Agency Approvals	98,570	
TOTAL	\$2,351,000	

5442-A.C

SAN FRANCISCO FIRE DEPARTMENT BOND PROGRAM / JOB.NO.: 6442A

Project: Fire Station 34
Location: 499 41st Avenue

• **Project Cost Breakdown**

Funding Source*		
1992 Fire Bond Construction Reserve	1,833,500	Current Reques
1992 Fire Bond Approved Funds	452,500	
50% State Hazard Mitigation Grant / 50% 1986 Fire Protection Program	47,300	
PUC/Energy Conservation Funds	17,700	
Total Project Budget:	\$2,351,000	
(* \$819,726 maximum approved State Seismic Grant is eligible and may be subject to reimbursement. Should eligible costs be reimbursed, SFFD will allocate the reimbursed cost to the SFFD bond program contingency for other projects.)		

• **Expenditure Plan**

Funding for construction will be expended as follows:

Construction	1,265,939	
Construction Contingency	237,570	
Hazardous Waste Abatement	27,162	
Art Enrichment	15,000	
Air Raid Siren Relocation	2,865	
Total Construction, Purchases, Installation:	\$1,548,536	

Basic Architectural, Engineering Design Services

Architect	26,400	343 hrs. x \$77/h
Architectural Associates	49,800	755 hrs. x \$66/h
Engineering Intern	6,800	200 hrs. x \$34/h
Sub-total:	\$83,000	

Supervising Engineer	5,600	70 hrs. x \$80/hr
Structural Engineer	25,400	363 hrs. x \$70/h
Mechanical Engineer	24,600	351 hrs. x \$70/h
Electrical Engineer	13,200	189 hrs. x \$70/h
Associate Engineers	16,200	261 hrs. x \$62/h
Sub-total:	\$85,000	

Resident Engineer	49,000	645 hrs. x \$76/h
DPW/BCM Clerical Support	22,300	406 hrs. x \$55/hr
Supervision	4,700	45 hrs. x \$106/h
Inspector	65,000	970 hrs. x \$67/h
Wage Check and Public Affairs	10,000	(Lump Sum)

Total Construction Management: \$151,000

A/E Construction Services	118,750	
Geotech, Surveys & Data	29,929	
Additional A/E Services	156,215	
Project Management	57,000	
Reg. Agency Approvals (DBI, City Planning, etc.)	98,570	
City Adm. Services (Real Estate, State Arch. Grant)	23,000	
Total Project Cost:	\$2,351,000	

Item 7 - File 101-94-13.3

Department: Department of Public Works (DPW)

Item: Release of reserved funds for the Department of Public Works in the amount of \$216,515, to fund Phase 2 of the Chinatown Lighting Improvement Project.

Amount: \$216,515

Source of Funds: Special Gas Tax Improvement Fund and Road Fund

Description: The Board of Supervisors previously approved a supplemental appropriation of Special Gas Tax Improvement Funds and Road Funds in the amount of \$897,000 for the Chinatown Lighting Improvement Project. At the same time, the Board placed \$700,000 on reserve for construction contracts for the Chinatown Lighting Improvement Project pending selection of contractors, the submission of budget details and the MBE/WBE status of the contractors. The Board of Supervisors has previously released \$382,000 of the \$700,000 in reserved funds for Phase 1 of this project which involved the purchase and installation of 31 standard street lights and the purchase of contract services for the manufacture of 24 Dragon Lantern Lights (Chinese lanterns with a dragon design), leaving a balance of \$318,000 on reserve for Phase 2 of this project, which involves the installation of the 24 Dragon Lantern Lights previously purchased and the purchase and installation of nine standard street lights.

The DPW is now requesting that \$216,515 be released from reserve to pay for contract services for the installation of the 24 Dragon Lantern Lights and the nine standard street lights. The Dragon Lantern Lights will be installed along Grant Avenue from Bush Street to Broadway, and at key intersections in Chinatown, specifically Stockton and Sacramento, Stockton and Vallejo, Pacific and Columbus, Washington and Kearny, and Sacramento and Kearny. The nine standard street lights will be installed along Kearny and Jackson, and Washington near Powell Street.

The DPW through its Invitation for Bids process has selected A. Ruiz Construction, an MBE firm, as the lowest responsible bidder, to provide the necessary installation of the Dragon Lantern Lights and the standard street lights in conjunction with some street and sidewalk repaving work on Grant Avenue, based on a bid amount of \$332,122. Of the requested \$216,515, \$152,622 will pay for the cost of that portion of the

Memo to Budget Committee
May 22, 1996 Budget Committee Meeting

contract work having to do with the street light installation, \$22,893 is earmarked for project contingency, and \$41,000 will pay for in-house labor costs associated with Phase 2 of the project. The DPW advises that the \$179,500 balance of the contract amount (\$332,122 less \$152,622) for the street and sidewalk repaving work will be paid from previously appropriated Street Improvement Bond funds.

Comments:

1. Attachment I to this report, provided by DPW, shows the total project costs including Phase 1 and Phase 2 noted above. The estimated total cost of the project is \$598,515. As previously noted, the source of funds for this project is the Special Gas Tax Improvement Fund and Road Fund.

2. Attachment II, provided by DPW, lists the contractors, which submitted bids for Phase 2 of the project, along with the bid amounts and the MBE/WBE status of the contractors.

Recommendation: Approve the proposed release of reserved funds in the amount of \$216,515.

CHINATOWN LIGHTING IMPROVEMENTS
PROJECT SUMMARY

Contract	Contractor	Contract Amount	Contingency	Engineering & Const. Mgmt.	Total
Phase 1	King C. Electric	\$120,000	\$18,000	\$18,000	\$156,000
Dragon Light Purchase	Emery Fixtures	\$188,000	\$30,000	\$8,000	\$226,000
Phase 2	A. Ruiz Constr.	\$152,622	\$22,893	\$41,000	\$216,515
		(Street Lighting Work Items)			
TOTAL		\$460,622	\$70,893	\$67,000	\$598,515

Chinatown Lighting Phase 2Labor Budget

DPW	Bureau of Engineering	Average		
Class	Title	Cost/Hour	Hours	Cost
5238	Associate Electrical Engineer	\$59/hr	110	\$6,500.00
5506	Project Manager III	\$89/hr	33	3,000.00
				\$9,500.00
	Bureau of Construction Management			
5210,5208	Engineer/Inspection	\$70/hr	257	\$18,000.00
5206				
5305	Material Lab.	\$41/hr	146	6,000.00
				\$24,000.00
	Work Order to DPT			
	Associate Traffic Engineer	\$59/hr	42	\$2,500.00
	Work Order to BLHP			
5206	Associate Civil Engineer	\$59/hr	85	5,000.00
	Total			\$41,000.00

TABULATION OF BIDS

SPECIFICATION NO.:

1151N

TITLE:

Chinatown Lighting Improvements
Phase 2

BIDS RECEIVED:

April 3, 1996

BIDDERS:	A. Ruiz Construction Co. & Assoc., Inc.	MBE/LBE	Base Bid
	Esquivel Grading & Paving, Inc.	MBE/LBE	332,122
	Marinship Construction Service/Ghilotti Bros., Const. Inc. a JV	MBE/LBE/JV10%	363,782
			388,888
		Average Bid:	381,597
		Engineer's Estimate:	338,425
		% of Engineer's Estimate:	107%

APPARENT LOW BIDDER:

A. Ruiz Construction Co. & Assoc., Inc.
1615 Cortland Avenue
San Francisco, CA 94110

Tel. (415) 647-4010

SUBCONTRACTORS:

Esquivel Grading	Paving/Handicap Ramp	57,000
P & K Trucking	Trucking	13,500
Bayhawk	Excavation	14,000
Double B.	Grinding	10,320
LK Cornstock	Electrical	79,133

cc:

Manfred Wong
Ann Branston
Linda Chin
Todd Cockburn
Nelson Wong
Mike Quan

Helen Lui
DPW Accounting
Don Eng
Bob Swanstrom
Foon Chow

SL:sl

April 3, 1996

Item 9 - File 101-95-54.1

Department: San Francisco Police Department (SFPD)

Item: Request to release reserved funds in the amount of \$183,200 for the purchase of laboratory equipment.

Amount: \$183,200

Source of Funds: Narcotics Forfeiture and Asset Seizure Funds

Description: Pursuant to San Francisco Administrative Code Section 10.177-54, the Narcotics Forfeiture and Asset Seizure Fund was established in order to receive any assets acquired by City and County law enforcement agencies. The Administrative Code requires that all expenditures made from this Special Fund be used specifically for enforcement, training, prevention, prosecution programs and equipment in order to enhance the enforcement of narcotics laws. In accordance with Federal and State guidelines, various City departments, such as the Sheriff, the San Francisco Airport Police and the SFPD, receive a separate allocation of monies from the Narcotics Forfeiture and Asset Seizure Fund based on the amount of cash and other assets that are seized by each respective department during narcotics enforcement activities.

In February of 1996, the Board of Supervisors approved a supplemental appropriation ordinance in the amount of \$183,200 in Narcotics Forfeiture and Asset Seizure Funds in order for the Police Department to purchase laboratory equipment (File 101-95-54). This amount of \$183,200 was placed on reserve, pending the selection contractors, the submission of budget details and the MBE/WBE status of the contractors.

The laboratory equipment to be purchased consists of two gas chromatograph/mass spectrometers and a fourier transform infrared spectrophotometer. According to Mr. Jim Norris, Director of the SFPD's Crime Lab, an audit performed by the American Society of Crime Lab Directors recommended that the Crime Lab purchase equipment that would automatically print analytical reports on narcotic substances. Mr. Norris reports that the purchase of the foregoing equipment would improve the reliability of the analysis of lab results.

According to Ms. Martha Blake of the Crime Lab, the SFPD had originally requested that the laboratory equipment be purchased through sole source contracts with Hewlett

Packard, Inc. and Perkin Elmer Corporation because of the specialized nature of the equipment and because these two firms are the only suppliers of this particular type of equipment. Neither firm is a certified MBE or WBE firm. However, Ms. Blake advises that the SFPD has now decided to initiate a competitive bid process in order to select the vendors.

Comments:

1. As of April, 1996, the current balance of the Narcotics Forfeiture and Asset Seizure Funds allocated to the SFPD is approximately \$720,000.

2. Mr. Norris indicates that the SFPD would purchase an annual maintenance agreement, which would commence in FY 1997-98 after the expiration of the equipment's one year warranty, at an estimated cost of \$17,000 per year. Officer Tom Strong of the SFPD's Fiscal Division reports that the cost of this maintenance agreement would be funded through the Department's regular budget.

3. As the SFPD has now decided to undertake a competitive bid process in order to select the vendors rather than to purchase the equipment through a sole source contract, the proposed release of \$183,200 should continue to be reserved, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors.

Recommendation: Continue to reserve the proposed \$183,200 in reserved funds, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors.

Item 10 - File 101-95-42.1

Department: Recreation and Park

Item: Hearing to consider release of reserved funds, Recreation and Park Department, in the amount of \$236,000 for storm damage repair from the December 1995 storm.

Amount: \$236,000

Source of Funds: General Fund Reserve

Description: The storm that occurred on December 11th and 12th, 1995 in San Francisco caused significant damage to Recreation and Park Department facilities, including Golden Gate Park and the Neighborhood Parks, City golf courses, and 3COM Park. Over 700 trees were either partially or completely blown down, many of which landed on roofs, fences, roadways, power lines, or Recreation and Park facility structures.

Work required to repair the damage caused by the December, 1995 storm included removal and disposal of fallen trees and tree limbs in Golden Gate Park and the Neighborhood Parks, clean-up of broken glass and wood and temporary patching at the Conservatory of Flowers, and other repairs to park fences, roofs, plumbing and electrical systems.

The Board of Supervisors previously approved a supplemental appropriation in the amount of \$489,800 for the Recreation and Park Department for this storm damage repair (Ordinance 59-96, File No. 101-95-42), placing \$236,000 on reserve pending the selection of contractors, the MBE/WBE status of contractors, and the submission of contract cost details, for tree removal, roof repair, asphalt and curb repair, plumbing and electrical repairs, and debris chipping.

Budget The Recreation and Park Department has provided estimates for the remainder of the storm damage repairs of \$236,000 broken down as follows:

Outside Contractors:

Trucking: 820 hours @ 60.30/hour	\$49,446
Tree removal: 1,500 hours @ \$33/hour	49,500
Fencing - Ocean View Playground	11,750
Fencing - Potrero Hill Playground	8,500
Roofing - Angler's Lodge and two restrooms in Golden Gate Park	
Roofing - Restroom at Stanyan St. & Page <u>5,279</u>	
Total, outside contractors	\$174,245

<i>DPW - Bureau of Building Repair:</i>		
Nine asphalt repair projects	\$37,314	
Two roof repair projects	<u>24,441</u>	
Total, Bureau of Building Repair		<u>\$ 61,755</u>
Total, All Projects		<u>\$236,000</u>

Comments:

1. The total amount which would be contracted with MBE/WBE firms is \$61,196 or 35 percent of the total contracted amount of \$174,245. Attachment 1 to this report is a memorandum from the Recreation and Park Department showing the contractors selected for each project and the MBE/WBE status of each contractor. For each project, the contractor submitting the low bid was selected.

2. Attachment 2 to this report is a memorandum from the Recreation and Park Department and a list of the nine asphalt repair projects with cost estimates totalling \$37,314, and two roof repair projects with cost estimates of approximately \$24,500, to be completed by the Bureau of Bureau of Building Repair. Although the total of these two estimates equals \$61,814, the memorandum explains that the total expenditures for these projects will not exceed \$61,755, which is the balance of the reserved funds (\$236,000 less \$174,245 for outside contractors equals \$61,755).

3. According to Mr. Phil Arnold of the Recreation and Park Department, the items and costs shown for the specific repairs and contracts included in this request for release of reserved funds are allocated differently than the estimated costs for each item submitted in the original supplemental appropriation request (File 101-95-42). The proposed repair projects have changed in scope slightly since the original estimates were made, based on the repair work completed between February and April, 1996 and the revised estimates on the repair work still required.

Recommendation: Approve the release of \$236,000 in reserved funds.

City and County of San Francisco

Recreation and Park Department

Attachment 1
Page 1 of 2

May 8, 1996

John Taylor
Clerk of the Board of Supervisors
410 Van Ness Avenue
Room 404
San Francisco, CA 94102

Dear Mr. Taylor:

The Board of Supervisors approved a supplemental appropriation in the amount of \$489,800 for the Recreation and Park Department for storm damage repair (Ordinance 59-96, File No. 101-95-42). Of the funds approved, \$236,000 was placed on reserve to be released by the Budget Committee pending the selection of contractors, the MBE/WBE status of the contractors, and the submission of contract cost details. I am writing to request the release of these reserved funds. Contracts for trucking, tree removal, fencing and roofing were bid separately. The low bidders and the proposed amounts of these contracts are as follows:

Trucking: Double Del Trucking (LBE/WBE) - 820 hours @ \$60.30 per hour = \$49,446.

Tree Removal: B.L. Tree - 1,500 hours @ \$33 per hour = \$49,500.

Fencing - Ocean View Playground: Oliveira Fence (MBE) - \$11,750.

Fencing - Potrero Hill Playground: Golden Bay Fence - \$8,500.

Roofing: Pioneer Roofing - \$49,770.

Roofing: Garrison Roofing - \$5,279

The total amount of these contracts would be \$174,245. Of this total, the amount which would be contracted with MBE/WBE firms is \$61,196 or 35% of the total amount. Efforts to identify MBE/WBE firms for tree removal services and roofing were unsuccessful (see attached memo from Jim Lucey dated March 21, 1996).

The Recreation and Park Department requests that the balance of \$61,755 of the \$236,000 currently on reserve be allocated to the Bureau of Building Repair, Department of Public Works for asphalt repair and additional roof repair. We have identified ten asphalt repair projects resulting from storm damage with estimated costs in the amount of \$37,314 and additional roof repairs with an estimated cost of \$24,500.

10420
McLaren Lodge, Golden Gate Park
Fell and Stanyan Streets

FAX: (415) 668-3330
Information: (415) 666-7200
TDD: (415) 666-7043

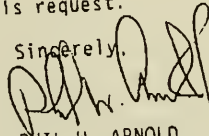
San Francisco 94117

John Taylor
May 8, 1996
page 2

The requested use of the reserved funds is somewhat different than the uses reported by the Budget Analyst in his report of January 24, 1996. That report included \$53,000 for plumbing and electrical repairs. However, during the months of February - April the Recreation and Park Department has determined that the amount of tree removal and debris chipping and removal resulting from storm damage is substantially greater than originally estimated. Therefore, we are now requesting that funds originally designated for plumbing and electrical repairs be allocated to tree and debris removal.

Thank you for your consideration of this request.

Sincerely,



PHIL W. ARNOLD
Assistant General Manager

PA/

City and County of San Francisco

Recreation and Park Department



DATE: 5/11/96	# of Pages: 2
TO: Lisa Zuckerman	FROM: Phil Arnold
Co/Dept. H M R	Co/Dept. Rec Park Dept. #42
TEL #	TEL # 661-7080
FAX #	FAX # 331-8034
Message:	

May 16, 1996

To: Lisa Zuckerman Budget Analyst's Office
 From: Phil Arnold
 Subject: Release of reserved funds

At your request, I am providing the following information on the Recreation and Park Department's request to release funds currently on reserve in order to repair damage caused by the December 1995 storms.

Asphalt Repair

We have identified nine sites which need major asphalt repair as a result of the storms. The total estimated cost of these repairs is \$37,314. We originally estimated that the work could be split between the Recreation and Park Department and the Department of Public Works. However, Recreation and Park Department staff are fully occupied in on-going storm damage repair and regular maintenance activities. Therefore, we now propose that the Department of Public Works receive the full amount of \$37,314 and complete all of the listed repairs without the assistance of Recreation and Park Department staff.

Roof Repair

Four projects would be completed under the proposed contracts. Three of the projects are restrooms in Golden Gate Park which suffered severe damage in the December storms. The fourth project is a clubhouse (Anglers Lodge) near the flycasting pools in Golden Gate Park which also suffered severe damage.

Two other roofs would be repaired by the Department of Public Works. One roof is over a maintenance facility at Harding Park which was destroyed by a falling tree. The other roof is tool shed near Anglers Lodge in Golden Gate Park.

It should be noted that the cost of repairs to be accomplished through the Department of Public Works are based estimates. The actual cost of each project will not be known until the projects are completed. However, the maximum cost for these projects will be \$61,755.

10450
 McLaren Lodge, Golden Gate Park
 Fell and Stanyan Streets

FAX: (415) 668-3330
 Information: (415) 666-7200
 TDD: (415) 666-7043

San Francisco 94117

CITY AND COUNTY OF SAN FRANCISCO
RECREATION AND PARK DEPARTMENT
DIVISION: STRUCTURAL MAINTENANCE
STORM DAMAGE REPORT

COST ESTIMATES

DECEMBER 21, 1995



ASPHALT, PATHS, CURBS AND ROADS:

<u>SITE</u>	<u>PREP COST/LABOR/MATERIAL</u>
-------------	---------------------------------

Bowling Green Drive:

Recreation and Park	\$3,610.40
	(Prep Cost/Labor/Material)

DPW - Cost of Replacement	\$6,650.00
	(Labor/Material)

Middle Drive:

Recreation and Park	\$1,453.60
	(Prep Cost/Labor/Material)

DPW - Cost of Replacement	\$1,750.00
	(Labor/Material)

MLK & 9th Ave:

Recreation and Park	\$1,600.00
	(Prep Cost/Labor/Material)

DPW - Cost of Replacement	\$2,000.00
	(Labor/Material)

ASPHALT, PATHS, CURBS AND ROADS:SITE PREP COST/LABOR/MATERIAL

30th Ave & MLK:

Recreation and Park \$1,000.00
(Prep Cost/Labor/Material)

DPW - Cost of Replacement 1,750.00
(Labor/Material)

43rd Ave & Fulton:

Recreation and Park \$ 800.00
(Prep Cost/Labor/Material)

DPW - Cost of Replacement \$1,000.00
(Labor/Material)

Anglers Lodge:

Recreation and Park \$1,800.00
(Prep Cost/Labor/Material)

DPW - Cost of Replacement \$2,750.00
(Labor/Material)

25th & Transverse:

Recreation and Park \$1,400.00
(Prep Cost/Labor/Material)

DPW - Cost of Replacement 1,500.00
(Labor/Material)

Panhandle - West of Baker St.:

Recreation and Park \$1,800.00
(Prep Cost/Labor/Material)

DPW - Cost of Replacement \$2,250.00
(Labor/Material)

ASPHALT, PATHS, CURBS AND ROADS:

SITEPREP COST/LABOR/MATERIAL

Golden Gate Park Tennis Courts:

Recreation and Park \$1,700.00
(Prep Cost/Labor/Material)

DPW - Cost of Replacement \$2,500.00
(Labor/Material)

Subtotal:

1) Recreation and Park \$15,164.00

2) DPW \$22,150.00

Subtotal: \$37,314.00

*Assumes that DPW does
all the work*

ROOF REPAIR:

SITEPREP COST/LABOR/MATERIAL

Harding Park:	\$20,000.00
Marshall Maintenance Bldg.	
Golden Gate Park:	\$ 4,500.00
Anglers Lodge and	
Gardeners Tool Sled	
Subtotal:	\$24,500.00

Memo to Budget Committee
May 22, 1996 Budget Committee Meeting

Item 11 - File 101-94-107.5

Department: Port

Item: Release of reserved funds in the amount of \$1,098,813 for the Port for various capital improvement projects.

Amount: \$1,098,813

Source of Funds: 1971 Harbor Improvement Bond Funds

Description: The Board of Supervisors previously approved a supplemental appropriation, reappropriating various Port funds, including 1971 Harbor Improvement Bond Funds, totaling \$2,993,539 to be used by the Port to fund the following five capital improvement projects: the Pier 35 Cruise Terminal Improvements Project, the Ferry Building Roof Project, the Pier 70 Upgrades Project, the Embarcadero Roadway Drainage Project, and the Ferry Building Shear Wall Project (File 101-94-107). At the same time, the Board placed the entire \$2,993,539 on reserve, pending the Port's submission of (1) contract cost details and the MBE/WBE status of the contractors and (2) the detailed project costs for those projects to be performed in-house. The Board of Supervisors has previously released \$700,000 of the \$2,993,539 for the Embarcadero Roadway Drainage Project, leaving a balance of \$2,293,539 on reserve.

The Port is now requesting that \$1,098,813 of the \$2,293,539 balance be released from reserve to pay for three of the five projects, the Pier 35 Cruise Terminal Improvements Project, the Ferry Building Roof Project and the Pier 70 Upgrades Project. The Port advises that the construction work for all three of these projects will be performed in-house by Port staff.

Comment: The Port has requested that this item be continued to the Budget Committee meeting on May 29, 1996, to allow the Port additional time to provide cost details for the work to be performed in-house by Port staff.

Recommendation: Continue this item to the Budget Committee meeting on May 29, 1996, as requested by the Port.

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BUDGET ANALYST

Item 12 - File 127-96-5

Note: This item was continued by the Budget Committee at its meeting of May 15, 1996. An amended version of this ordinance was submitted at the Board of Supervisors meeting of May 13, 1996. This report is based on that amended version of the proposed ordinance.

Item: The proposed ordinance would amend Part III, Articles 12-A and 12-B of the Municipal Code, adding Sections 906-C and 1005.7 to provide for credits against, respectively, the Payroll Expense Tax and the Business (Gross Receipts) Tax for businesses hiring youths between the ages of 14 and 21 for the summer; and providing that the provisions of these credits expire on December 31, 2001.

Description: The proposed ordinance states that the purpose of the Summer Youth Employment Tax Credit is to increase the number of youth employed during the summer, without displacing current jobs, within the City and County of San Francisco by providing an incentive for businesses to create such summer, temporary jobs for youth, with an emphasis on disadvantaged youth. The amount of the tax credit would be 100 percent of the tax liability for a summer job filled by a disadvantaged youth and 50 percent of the tax liability for a summer job filled by a non-disadvantaged youth.

“Youth” is defined by the proposed ordinance as any individual who during the duration of the tax credit period is between the ages of 14 and 21. “Disadvantaged Youth” means any Youth whose family income is not greater than 80% of median family income as provided in the most recently published estimate of median family income for San Francisco by the United States Department of Housing and Urban Development or any successor agency. A “summer job” means any job created after the second Monday of May of the calendar year and before July 1 of the calendar year, and includes internships, clerkships, and apprenticeships. A “summer job” does not include positions that have been offered in years prior to 1996 and repeated in subsequent summers.

Any person subject to the Payroll or Gross Receipts Tax under Article 12-A of Part III of the Municipal Code shall be allowed a credit against such tax liability to the City for each summer job created; however, in no event shall the tax credit reduce a taxpayer’s liability for such tax to less than zero. Each taxpayer claiming the credit shall file with the Tax Collector, on a form prescribed by the Tax Collector, an affidavit, under penalty of perjury, attesting to the facts required by the Tax Collector to establish the taxpayer’s entitlement to the tax

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BUDGET ANALYST

credit consistent with this Section and regulations adopted by the Tax Collector. In no event shall the credit be provided for any work performed before the second Sunday of May or after the second Sunday of September of the calendar year.

No business shall be allowed a credit under this Section for any job which previously had been performed in San Francisco by a predecessor employee. A prior year's summer job held by a youth prior to enactment of this legislation would not be considered a job which has been previously performed. Therefore, the proposed Summer Youth Tax Credit will be granted to new summer jobs created by San Francisco businesses, and no credit will be granted for summer jobs that existed in prior years. However, if a business creates a new summer job, but no longer offers a summer job of a different type that had been offered in previous summers, the new job would be eligible for the tax credit. According to the Tax Collector's attached memorandum, this aspect of the proposed ordinance will cause the need to monitor the types of summer jobs created by businesses applying for the tax credit in relation to previous summer jobs.

The Tax Collector is directed by the proposed ordinance to formulate, issue, and enforce rules and regulations relating to the application of the Summer Youth Jobs Tax Credit, including provisions which provide penalties due to fraud, any underpayment of tax, or an intent to evade this ordinance or authorized rules and regulations of the City. The Board of Review, consisting of the Chief Administrative Officer, the Controller and the Assessor, shall approve, modify or disapprove the rules and regulations prescribed by the Tax Collector pursuant to this ordinance.

The Tax Collector is directed by the proposed ordinance to submit a report to the Board of Supervisors on or before March 31, 1997, and every year thereafter for which the tax credit is available, which evaluates the effect of the tax credit on employment and local tax revenues. The Tax Collector shall also make available to the Board of Supervisors the aggregate information of the dollar value of the Summer Youth Employment Tax credits claimed each year by businesses.

The Summer Youth Jobs Tax Credit provided in the proposed ordinance shall expire on December 31, 2001, unless the Board of Supervisors extends the credit.

Comment:

1. Because the Summer Youth Jobs Tax Credit does not apply to work previously performed by other employees or to summer youth jobs of the same type that existed in prior years, the tax credit will not affect Payroll and Gross Receipts Tax collections for existing jobs. The fiscal impact of the proposed ordinance will therefore be limited to newly created Summer Youth Jobs that would have been created in the absence of the tax credit. The Tax Collector estimates that the potential lost Payroll and Gross Receipts Tax revenue for such summer youth jobs will amount to between \$18,200 and \$98,400 annually.

2. Additionally, the cost of administering the proposed tax credit is estimated by the Tax Collector to cost \$25,463 annually, with one time (in the first year) start up costs of \$25,975. However, according to the Tax Collector, Mr. Richard Sullivan, the effect the new, amended version of the proposed ordinance will be to require the Tax Collector's Office to track summer youth jobs by type of job, which would, according to Mr. Sullivan, increase the costs to administer this proposed ordinance.

3. A memorandum from the Tax Collector on the potential impact and costs to administer this proposed ordinance is attached to this report. This memorandum does not address potential additional administrative costs that may become necessary based on the amended ordinance. The Tax Collector stated that he will attempt to provide that information to the Budget Committee prior to the May 22, 1996 Budget Committee meeting.

Recommendation: The proposed ordinance is a policy matter for the Board of Supervisors.

MEMORANDUM

DATE: May 10, 1996
TO: Richard A. Sullivan, Tax Collector
FROM: William H. Ross, Deputy Tax Administrator
RE: Proposed Summer Youth Tax Ordinance Credit

SUMMMER YOUTH TAX CREDIT

After review of the Proposed Summer Youth Tax Ordinance, received this morning and subsequent to staff preparing the summary of our administrative concerns and costs which were based on the earlier ordinance draft, attached Tax Collector's concerns, we have identified additional concerns to implement and administer the new regulation. Our summary was based on establishing reporting by "total new summer jobs created" by a business not by the "type of job created" each year. However, subsequent discussions and contact with Claude Kolm, Deputy City Attorney, disclosed that the legislative intent includes tracking new job types as well as the total number of new jobs. If we are charged with establishing reporting for the "type" of new job created by business, we will be forced to increase our cost projection substantially. The draft ordinance will require businesses provide not only payroll information for new jobs but the type of new job created annually and we will be charged with identifying and reconciling growth for these businesses. To take on such a task will be difficult for us to administer and track as years accumulate for a business, record keeping and reporting for both will be extensive, if possible. Therefore, if the existing ordinance is approved as drafted, I will attempt to fully implement it as charged, but I will be hampered as cited above.

Attachment

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SUMMER YOUTH TAX CREDIT

Proposed Ordinance:

To increase the number of youth employed during the summer, without displacing current jobs, within the CCSF by providing an incentive for businesses to create such summer, temporary jobs for youth, with an emphasis on disadvantaged youth.

Facts and Analysis:

- ◆ Based on information provided by the Private Industry Council and the Employment Development Department, a total of 3,314 youths participated in a summer jobs program in 1995: 2,700 youths were federally funded and 614 were funded by the private sector.

Since public agencies do not pay taxes, the amount of tax credit to be granted would be based on the number of youths who are employed by private organizations. On the assumption that private employers pay an average of \$5.50 per hour and the youths hired are economically disadvantaged, the amount of tax credit that can be granted based on the above-mentioned criterion would be \$18,236 (\$5.50 per hour x 360 hours (90 days @ 4 hours/day) x 614 youths @ 1.5% Payroll Tax). It is further assumed that even if federal funding ceases, the demand for summer jobs will likely remain the same and that private companies will step in with private funds to support the summer youth program. Should this be the case, the potential amount of tax credit claimed may be as much as \$98,426 (\$5.50 per hour x 360 hours (90 days @ 4 hours/day) x 3,314 youths @ 1.5% Payroll Tax).

Comments:

- ◆ It is suggested that the language of the ordinance be expanded to address the issue if federal funding is unavailable and private companies pledge donations, the donor be entitled to the tax credit, regardless of who the ultimate employer may be. Since private companies donate the money, it is assumed that they would want to claim the expense as a tax credit even if they do not actually hire the summer youths.
- ◆ Language in question:
 - Page 2, Paragraph (c)-(1)
For consistency with the language in Paragraph (b) (1) bottom half of the paragraph, revise first sentence to read: "'Summer Job' means any new job created after the second Monday Sunday of May of the calendar year and before the second Sunday of September of the calendar year."

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- Page 4, Paragraph (f)
For language consistency with similar tax credits, revise this paragraph to read:
"Report on Effect of Tax Credit...The Tax Collector shall submit a report...on or before March 31, 1997 May 31, 1997, and on the March 31 and every year thereafter for which the tax credit is available,...."
- Above suggested changes should also be taken into consideration in the Legislative Digest.

Projected Estimated Costs to implement Summer Youth Tax Credit:

Cost Impact Summary		
Cost Impact:	Start-Up Costs	Estimated Yearly Costs
Audit	n/a	\$ 4,807
Administrative / Accounting / Clerical	n/a	\$13,056
BTS Programming	\$13,125	\$ 1,500
Miscellaneous Costs	\$12,850	\$ 6,100
Total:	\$25,975	\$25,463

Audit Impact		Estimated Yearly Costs
1.	Total number of audits performed annually	800 audits
2.	Companies that qualify for tax credit	7,000 bus.
3.	Number of companies estimated to be audited	200 bus.
4.	20% sampling of the number of companies to be audited	40 bus.
5.	Additional audit hours needed to perform tax credit audits:	4 hours
6.	Total additional audit hours needed (Line #4 * Line #5)	160 audits
7.	Estimated audit hours per FTE	2,000 hours
8.	1 - 4220 Auditor FTE needed (Line #6 ÷ Line #7)	.08 FTE
9.	1 - 4220 (Auditor) at .08 FTE equals \$3,815 salary (\$47,685 * 8%) plus \$992 benefits (\$47,685 * 26% * 8%)	\$4,807

Administrative / Accounting / Clerical Impact		Estimated Yearly Costs
1.	1 - 1822 (Administrative Analyst) at .20 FTE equals \$10,362 salary (\$51,809 * 20%) + \$2,694 benefits (\$51,809 * 26% * 20%)	\$13,056

Due to the highly technical aspect of designing forms and worksheets that would be easily understood and functional, an 1822-Administrative Analyst position is proposed.

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The Administrative Analyst will be responsible for the following duties and responsibilities as the result of the implementation of this tax credit:

- recordkeeping of companies that file for this tax credit
- designing of appropriate forms as to include the proper accounting calculation of the tax credit
- responding to inquiries from companies; monitor phone calls
- designing an instructions manual to notify all businesses of new tax credit
- examining of taxpayers' filing
- working with ISD to ensure that the BTS program is set-up appropriately

BTS Programming <i>(estimated costs includes analysis, programming, testing, and documentation)</i>		Start-Up Costs	Estimated Yearly Costs
1.	175 hours at \$75 / hour	\$13,125	
2.	On-going maintenance (20 hours * \$75 / hour)		\$1,500

Miscellaneous Estimated Costs		Start-Up Costs	Estimated Yearly Costs
1.	Telephone Costs	\$ 350	\$300
2.	Office Furniture	\$1,500	n/a
3.	Computer and accessories / on-going maintenance	\$2,500	\$500
4.	Office equipment	\$1,000	n/a
5.	Postage, printing, office supplies	\$5,000	\$3,000
6.	Form design	\$ 500	\$ 300
7.	Miscellaneous (estimated unforeseeable expenditures)	\$2,000	\$2,000
Total:		\$12,850	\$6,100

Conclusion:

- Based on the information collected, it is estimated that implementation costs would amount to \$51,438 (\$25,975 one-time start-up costs and \$25,463 for estimated yearly on-going costs). The tax credits ranges from \$18,236 to \$98,426, depending on whether federal funding will be available. It is assumed that if the summer youth is defunded by the feds, the private sector will probably pick up the cost, since the demand for summer youths will likely remain the same.
- It is anticipated that the audit impact will be minimal; however, in the audit procedure, auditors will look at the tax credit based on 100% for disadvantaged youths vs. 50% for advantaged youths, which may affect the amount of time spent on audit.
- Due to the highly technical nature of designing worksheets and forms, an 1822--Administrative Analyst class would be most appropriate to perform the tasks of form design, response to taxpayer inquiries, review of filings, etc.

Revised by: P. Sha

5/10/96 3:26 PM

Items 13 and 14 - Files 101-95-79 and 102-95-20

Department: Assessor's Office

Item: Item 13 - File 101-95-79 Ordinance amending the 1995-96 Annual Appropriation Ordinance by appropriating \$357,249 in AB 818 State Loan Revenue to the Assessor's Office for salaries and fringe benefits to create six new positions and to purchase equipment for the Assessor's Office, for the first year of a three-year project to reduce the assessment backlog.

Item 14 - File 102-95-20 Ordinance amending the 1995-96 Annual Salary Ordinance, reflecting the creation of six new positions; 4265 Senior Appraiser (1), 4261 Appraiser (2), 4220 Auditor (2), and 4203 Senior Assessment Clerk (1).

Amount: \$357,249

Source of Funds: State Department of Finance loan funds under AB 818

Description: The Assessor's Office has applied for and has been granted \$3 million in State loan funds under AB 818 to be used over the next three years to enhance property tax assessments in San Francisco. The first proposed ordinance (File 101-95-79) would appropriate \$357,249 of these State loan funds to establish a new unit to reduce the Assessor's current backlog of 3,300 assessments related to construction work completed under building permits. The amount of \$357,249 would provide funding for salaries, fringe benefits, and equipment purchases for six new positions for this unit, for the period beginning with the final approval of the proposed appropriation and continuing for one year. The second proposed ordinance (File 102-95-20) would amend the FY 1995-96 Annual Salary Ordinance to reflect the creation of the six new positions.

The Assessor's new unit to be created using these six new positions would work on an existing backlog of assessments related to construction work completed under building permits of all types (new buildings, renovations, repairs), which have been issued by the City and which should be evaluated to determine if the construction carried out under the building permit represents an increase in assessable property value.

According to Mr. Verne Walton of the Assessor's Office, the Assessor's Office currently has a backlog of approximately 3,300 building permits which have not been reviewed for Property Tax assessment purposes. When such building

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BUDGET ANALYST

permits are reviewed, the Assessor's Office will find that the work done under some building permits has resulted in an increase in the assessable value of the property, while the work done under other building permits, such as those for more minor repairs and renovations, may not result in an increase in assessable value. The Assessor's Office estimates that additional assessments of the backlog of building permits will increase Property Tax levies by \$20 to \$22 million annually within the next three years.

The \$3 million in AB818 funds are provided to the City as an interest-free loan from the State Department of Finance. Under the AB 818 program, a dollar of the loan is considered to be repaid for every Property Tax dollar that is provided to the San Francisco Unified School District (SFUSD) through the Assessor's efforts. The SFUSD receives approximately 32% of Property Tax revenues, therefore, an increase in Property Tax collections of \$100 would provide \$32 to the school system, and would also therefore reduce the outstanding amount of the City's loan by \$32.

Under the loan terms described above, the Assessor's Office is required to increase assessed value on San Francisco's Property Tax roll to yield additional tax revenue of at least \$9 million over the next three years so that the \$3 million in AB 818 loan funds will be considered to have been repaid. The Assessor's Office projects that the activities funded with the AB 818 funds will eventually, over the next three years, increase the assessed value on San Francisco's Property Tax roll by \$2.0 billion over the next three years, at which time additional property tax revenue of \$20 to \$22 million annually will be realized.

Mr. Walton advises that under the terms of the AB 818 loan, the Assessor's Office will report annually to the State Department of Finance on its success in increasing assessed value in the City, and that receipt of the approved loan funds in each year of the three year period is contingent on the Assessor's performance. Mr. Walton notes that if the State determines that the Assessor's Office does not successfully repay the AB 818 loan funds through adding assessed value to San Francisco's Property Tax roll, the City is required to repay the loan from other sources. Under such circumstances, credit for repayment of a portion of the loan would be given for the amount of assessed value that had been added to the Property Tax roll through the Assessor's work.

Mr. Walton advises that due to the high number of assessment appeals cases that have been filed, the Assessor's Office has been able to assess only approximately 15 percent of the construction work carried out under the building permits that were issued by the City in the years 1993, 1994 and 1995. Certain types of assessments, such as assessment appeal cases must, by law, be closed within a limited time frame and have taken priority over building permits. The Assessor's Office currently employs approximately 30 real property appraisers, who handle assessment appeals, changes of ownership, and all other types of assessment cases, and, in addition, are able to process approximately 275 building permits per year, for new buildings only, for an average of approximately 9 permits for new buildings per staff member per year. Mr. Walton advises that without the additional personnel represented by the proposed ordinances, the Assessor's Office projects that the backlog of building permits of all types requiring assessment review would continue to grow by approximately 1,500 cases per year for the next three years. As noted above, there is currently an existing backlog of approximately 3,300 such cases.

The new unit of the Assessor's Office would be created for a period of three years, and would be entirely funded from the State loan funds described above. At the close of the three year period, these six positions would be discontinued, according to Mr. Walton. Mr. Walton advises that the new staff, together with improvements in the computer and database systems used by the Assessor's Office, and a projected reduction in the assessment appeals workload, will allow the Assessor to clear the backlog of building permits, and enable existing staff to handle the building permit caseload, in addition to all other assessment cases, after the three year period is ended.

The six new positions which would staff this unit are as follows:

<u>Number and Classification</u>	<u>FTE</u>	<u>Annual Salary at the Top Step</u>
4265 Senior Appraiser	1	\$57,968
4261 Appraiser	2	47,684
4220 Auditor	2	47,684
4203 Sr. Assessment Clerk	1	36,566

On an annual basis, the salary cost at the top step of the proposed six new positions is \$285,272, and the fringe benefit cost is approximately \$62,760, for an overall annual personnel cost at the top step of \$348,032.

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BUDGET ANALYST

Memo to Budget Committee
May 22, 1996 Budget Committee Meeting

Budget: The budget for the proposed appropriation (File 101-95-79), for a one year period beginning with the final approval of the ordinance, is as follows:

<u>Personnel</u>		
Salaries	\$279,413	
Fringe Benefits @ 22%	<u>61,471</u>	
Sub-total		340,884
<u>Equipment</u>		
Laptop Computers, 2 @ \$3,913 each	7,825	
Desktop Computer with CD ROM	4,000	
Copy machine	4,040	
File cabinets & Miscellaneous	500	
Sub-total		<u>16,365</u>
TOTAL		\$357,249

Comment: Mr. Walton advises that the Assessor's Office is required to make its first report to the State on its progress in adding assessed value to San Francisco's Property Tax roles in January of 1997, based on assessment work conducted through December of 1996. Because of the limited time available to the Assessor's Office between now and December 1996 in which to demonstrate success in increasing the City's assessed property value, the Assessor's Office is proposing to hire the six new positions described above immediately following approval of the proposed ordinances.

Recommendation: Item 13 - File 101-95-79 Approve the proposed ordinance.
Item 14 - File 102-95-20 Approve the proposed ordinance.

Items 15 and 16- Files 101-95-78 and 102-95-19

Department: Department of Mental Health, Substance Abuse and Forensics (DMSF)
San Francisco General Hospital (SFGH)

Items: File 101-95-78. Ordinance rescinding \$621,105, of DMSF Professional Services and appropriating \$205,030 to salaries and fringe benefits for the creation of 18 new positions at DMSF, and transferring and appropriating \$416,075 to San Francisco General Hospital for salaries, fringe benefits, non-personal services, materials and supplies and equipment purchase for the creation of 222 new positions at SFGH for the operation of the Mental Health Rehabilitation Facility (MHRF).

File 102-95-19 Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995-96), Department of Public Health reflecting the creation of 18 new positions at DMSF and 222 new positions at SFGH for the operation of the Mental Health Rehabilitation Facility (MHRF), for a total of 240 new positions.

Amount: \$621,105

Source of Funds: Reappropriation of existing DPH FY 1995-96 budgeted funds for the start-up costs associated with the MHRF.

Description: In the mid-1980s, the DPH began the development of a long-term strategy for the care of skilled nursing level mental health patients within San Francisco. Historically, San Francisco mental health patients have been cared for in out-of-county facilities. Subsequently, a newly constructed General Obligation bond-funded Mental Health Rehabilitation Facility (MHRF) was completed at approximately \$28 million in March, 1995 for the care of mental health patients in need of skilled nursing. A 12-bed adolescent residential program has been operating in the MHRF by Seneca, a non-profit provider since November, 1995. The MHRF has a capacity for 30 adolescent beds, and 155 adult and geriatric beds. The DPH reports that the MHRF will operate at 95 percent capacity (approximately 29 adolescent patients and 147 adult and geriatric patients).

The clinical program plans have been developed for both adults and adolescents by committees of consumers, advocates, clinical staff, and community program representatives. The MHRF will provide both residential and locked beds. A Performance Agreement, between the DMSF

and SFGH, will delineate specific responsibilities and authorities for operating and financing the program. According to the provisions of the draft Performance Agreement, SFGH will be the provider of services. As the provider, SFGH will operate the MHRF and most of the positions for the program will be budgeted at SFGH.

The fiscal plan beginning in FY 1996-97 for the MHRF proposes to reallocate \$5.3 million in budgeted funds from out-of-county contract programs, and to maximize Medi-Cal revenues allowable for clients under 22 and over 64 years of age. However, as a result of significant funding changes at the State and Federal level, DPH has requested approximately \$3.6 million of General Fund support in its FY 1996-97 budget for MHRF operations. The total cost of the MHRF operations for FY 1996-97 is \$12.2 million to be funded by the following sources: General Fund, MediCal, Medicare, and various State revenues, such as State California Healthcare for Indigents Program (CHIP) funds. That FY 1996-97 budget will be analyzed by the Budget Analyst in detail during the upcoming budget review. The \$3.6 million of General Fund support represents the net increase in County costs to provide these services, net of revenue and expenditure changes. Mr. Keith Hearle of the DPH reports that the MHRF will provide rehabilitation services and enable the DPH transition clients into a less expensive non-acute setting. Mr. Hearle reports that there will eventually be a reduction in County in-patient and acute care costs.

The proposed legislation would provide for the following:

- 1) Fund expenses required to allow the MHRF to begin accepting patients and providing services beginning in July, 1996, including salaries, fringe benefits, training, materials and supplies, food, pharmaceuticals, utilities and equipment. The existing Seneca Program is funded through reimbursement from the General Fund, Realignment revenues, State Department of Social Services, and Medi-Cal and is not the subject of this request. The DPH will determine the provider of adolescent services in the MHRF during FY 1996-97. The Seneca Program would continue to operate the adolescent patient program in the MHRF until a decision is reached by the DPH. SFGH will operate the adult and geriatric patient program.

- 2) Create all 240 positions requested for the MHRF in the SFGH and DMSF budgets (See Attachment 1 for a listing of all 240 positions).

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BUDGET ANALYST

3) Fund professional services to assist with policies and procedures development as required to assure licensure.

4) Reimburse the SFGH and DMSF for expenditures already incurred during FY 1995-96 including salaries, fringe benefits, MIS planning, facility maintenance and planning.

Budget:

The following funds are requested for June 1, 1996 through June 30, 1996 to make the MHRF operational. Funding for the Seneca program is provided using DPH FY 1995-96 budgeted funds and is not the subject of this request. The SFGH Permanent Salary amounts budgeted would fund 49 positions, and the DMSF amounts budgeted would fund three positions. Therefore, a total of 52 positions would be hired during the month of June, 1996.

Administration and Medical Staff for SFGH

SFGH Permanent Salaries	
SFGH Miscellaneous Salaries	\$77,656
SFGH Nurses Salaries	53,641
Premium Pay Nurses	<u>574</u>
Subtotal SFGH Salaries	\$131,871

Mandatory Fringe Benefits	<u>33,015</u>
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Total Administration and Medical Staff for SFGH	\$164,886
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Support Services for SFGH and DMSF

SFGH Permanent Salaries	\$38,131
DMSF Permanent Salaries	16,933
Mandatory Fringe Benefits	15,327

Equipment Purchase for SFGH	<u>21,668</u>
Four personal computers and software (\$5,417 each including software)	

Total Support Services for SFGH and DMSF	92,059
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Other Operating Costs for SFGH

Training	\$2,083
Maintenance Services	105,000
Utilities	25,000
Copier Expense	125
Materials & Supplies	8,333

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Food	\$29,167
Pharmaceuticals	<u>10,000</u>

Total Other Operating Costs for SFGH **\$179,708**

Professional Services for DMSF

Telecare	\$75,000
Shared Medical Systems (SMS)	51,000
Patients Rights	24,000
MIS Services	<u>34,452</u>

Total Professional Services for DMSF **184,452**

**TOTAL SUPPLEMENTAL APPROPRIATION
REQUEST** **\$621,105**

Comments:

1. The above-listed Permanent Salaries and Mandatory Fringe Benefit amounts budgeted reflect a starting date of June 1, 1996. The 49 positions at SFGH and the three positions at DMSF which the DPH is requesting one month of funding for are only those 52 new positions which the DPH has identified as critical to ensure that the MHRF would be able to begin accepting patients as of July 1, 1996. The remaining 188 positions (total of 240 new positions being requested less 52 needed for the month of June, 1996) would be hired beginning in July, 1996 through October, 1996.

2. According to Ms. Anne Godfrey of the Department of Human Resources, the Department of Human Resources has been working with the DPH for eight months, reviewing both the new provisional classifications, as well as the existing Civil Service classifications. Mr. Hearle reports that the key management positions have already been advertised, with a deadline for applications on May 31, 1996. In addition, Mr. Hearle indicates that a Job Fair will be held on May 22 and 23, 1996 for the recruitment of all other positions. Ms. Godfrey reports that the Department of Human Resources will expedite all requisition requests during June, 1996, and will provide 24-hour turnaround in most cases. In addition, Ms. Godfrey reports that several hiring lists already exist, such as for Registered Nurses. As a result of the lengthy review of the new positions, and the expedited requisition process that is expected, Ms. Godfrey anticipates that all 52 positions will be filled during June, 1996.

3. The Permanent Salaries amounts budgeted reflect a hiring date of June 3, 1996 (two-biweekly pay periods). The hiring date of all 52 positions reflects the earliest date the proposed

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ordinance would be approved by the Board of Supervisors and signed by the Mayor (June 3, 1996). As noted, the application deadline for the management positions is May 31, 1996 and the Job Fair will occur on May 22 and 23, 1996. Adjusting for time required to process the applications and conduct interviews, the Budget Analyst recommends to reduce the proposed ordinance (File 101-95-78) by \$117,639 to reflect the savings associated with one-bi-weekly pay period. This recommendation will not delay the opening of the MHRF, and will provide sufficient funding consistent with the DPH's hiring plans.

4. In order to develop the staffing plan for the MHRF, a Request for Proposals (RFP) process was completed for contracting out all adult and geriatric services, and the DPH had initially recommended a proposal submitted by Telecare, a private contractor to operate the adult and geriatric services. The DPH identified that contracting out these programs would be less costly annually than performing the services through existing Civil Service classifications, given current MOU requirements. Subsequently, the DPH entered into negotiations with labor to evaluate whether the adult and geriatric programs could be provided by Civil Service staff on a cost-comparable basis to obtaining these services in the private sector. The DPH reports that consensus was reached with labor, by identifying that Civil Service staff could provide cost-comparable services through the creation of five new provisional classifications: Mental Health Program Director, Team Leader, Mental Health Rehabilitation Worker, Therapy Assistant, and Dual Diagnosis Specialist. The proposed amendment to the FY 1995-96 Annual Salary Ordinance (File 102-95-19) reflects the creation of these new provisional classifications, as well as existing Civil Service classifications. Those positions added through the proposed ordinance (File 102-95-19) reflect a cost-comparable staffing plan to contracting out these services.

5. The DPH reports that the proposal utilizing Civil Service staff has been negotiated between the DPH and labor. As a result of these negotiations, different staffing configurations have resulted which do not provide for a one-to-one comparison between the original Telecare contractor staff proposal and Civil Service staff. However, there is an overall cost savings utilizing Civil Service staff. Attachment 2, provided by the DPH, shows the final staffing plan proposed by Telecare after negotiating with the DPH. Attachment 2 shows the total Telecare proposal is \$8,556,352, however, for comparative purposes with Civil Service staff, only

\$8,481,395 of the proposal amount should be compared. The \$8,481,395 includes \$7,392,912 in salaries, \$171,731 in services and supplies (exclusive to the contractor above and beyond operating expenses which would have to be budgeted using Civil Service staff), and \$916,752 in indirect expenses. In comparison, the Civil Service classifications as detailed on Attachment 1, show that the annual salaries and fringe benefits for adult and geriatric services (shown as Administration and House Staff on Attachment 1), is \$8,769,502, less FY 1996-97 budgeted salary savings of \$616,502 would result in a net permanent salary amount of \$8,153,000. The DPH reports that although the staffing configuration was different under the Telecare proposal and the plan developed utilizing Civil Service staff, the cost of Civil Service staff of \$8,153,000 annually, (adjusted for salary savings) is actually \$328,395 less than the Telecare proposal of \$8,481,395 annually.

6. The DPH reports that the methodology employed for projecting the start-up staffing budget for the MHRF was based upon State Title 22 and Federal Omnibus Budget Reconciliation Act (OBRA) requirements. The DPH reports that these regulatory documents specify the staff to patient ratios. The ratios were converted to hours per patient day (HPPD) to develop the staffing model. In addition, State Department of Mental Health Program requirements were utilized to determine social work, activity therapy and medical staffing needs. Staffing levels for Support Services staff were based upon industry standards. The types of industry standards utilized by the DPH included an analysis of total square footage and the number of patients to determine the appropriate level of housekeeping and maintenance employees, and the number of meals served per day for food worker staff. The Budget Analyst has compared the staffing plan submitted by Telecare with the proposed Civil Service staffing configuration, and also reviewed the methodology employed by the DPH to develop the staffing model. Based upon this review, the Budget Analyst concurs with the staffing level requested by the DPH, because the adult and geriatric program staff is \$328,395 less costly than contracting these services through Telecare, and the remaining staffing levels for medical and support staff were developed utilizing State and Federal staffing requirements and industry standards.

7. The proposed ordinance (File 102-95-19) would amend the FY 1995-96 Annual Salary Ordinance to create 240 new positions at DMSF and SFGH. As noted above, the proposed supplemental appropriation ordinance would fund only 52

positions during FY 1995-96 to make the MHRF fully operational by July 1, 1996. The DPH reports that although only 52 positions would be hired during June, 1996, the DPH is requesting that all 240 positions be added to the FY 1995-96 in order to avoid any delays in recruitment and hiring. In addition, the DPH reports that because patients must be moved from out-of-county facilities to the MHRF, it is critical that staff be recruited and hired as soon as possible to begin accepting patients.

8. The \$21,668 budgeted for Equipment would be for the purchase of four new personal computers and software, at a cost of \$5,417 each. Three computers will be placed in each of the three examining rooms to enable physicians to look up clinical results while performing physical examinations. One computer will also be placed in the Pharmacy Office so the Pharmacists can review, verify and approve Physician medication orders.

9. The \$179,708 budgeted for Other Operating costs for June 3, 1996 through June 30, 1996 would provide the DPH with a minimum level of supplies required for the DPH to a) meet State licensure requirements, and b) to provide an minimum level of supplies required for the MHRF to begin accepting patients beginning July 1, 1996. For instance, food items and pharmaceuticals need to be in stock for the State licensure visit. In addition, the DPH reports that materials and supplies have to be available for training employees. The DPH reports some of these expenditures have already been incurred, such as the utilities and maintenance costs which have been used to maintain the facilities and grounds during FY 1995-96. As such, the proposed ordinance (File 101-95-78) should be amended to provide for retroactive actions previously taken.

10. The \$184,452 budgeted for Professional Service would be for the following contracts:

<u>Telecare (WBE firm)</u>	\$75,000
To provide policies and procedures development required to obtain licensure during June, 1996. Because the DPH has never directly operated a psychiatric skilled nursing program, the DPH reports that it does not have the expertise required to develop policies and procedures of this nature. The DPH would award this contract on a sole-source basis because of the	

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specialized nature of the services. An estimated 750 hours would be provided at an average hourly rate of \$100. These services would be provided on a one-time basis, and would not be an on-going contract within the DPH.

Shared Medical Systems (SMS) (not an MBE/WBE firm)

51,000

To provide implementation of the clinical database which would be used for patient administration and discharge. An average hourly rate of \$130 would be charged for SMS services. The \$51,000 request also includes software fees. SMS is an existing contractor who provides various MIS services throughout the DPH. SMS was selected through an RFP process. The DPH reports that the request is for one-time services provided during FY 1995-96. However, the DPH reports that the ongoing software fee would be \$48,000 on an annual basis.

Patients Rights (Non-Profit Provider)

24,000

The DPH is legally required by the State to provide patient advocacy services. Because the DPH will be transferring patients from out-of-county facilities to the MHRF, various patient rights issues will need to be addressed. An estimated 1,091 hours will be expended at an average hourly rate of \$22 hour. The \$24,000 would fund one-time services, but Patient Rights will continue to provide services throughout the DPH on an on-going basis. Patient Rights has an existing contract within the DPH which was awarded through a competitive selection process.

MIS Costs

\$34,452

The \$34,452 is a lump sum amount for the purchase from the Chesapeake Company for the Chesapeake software system which would be used for various State reporting requirements required for skilled nursing facilities. The \$34,452 would fund the one-time purchase of the software.

Total Professional Services

\$184,452

11. The Budget Analyst will be further reviewing the hiring plan for the remaining 188 positions, which will be hired from July, 1996 through October, 1996, and make any further recommendations during the annual FY 1996-97 budget process.

Recommendations: 1. Amend the proposed ordinance (File 101-95-78) to reduce the amount by \$117,639 from \$621,105 to \$503,466 to reflect the actual hiring plan during June, 1996. This reduction consists of the following:

	<u>From</u>	<u>To</u>	<u>Savings</u>
<u>DMSF</u>			
• Permanent Salaries - Miscellaneous	\$12,435	\$6,217	\$6,218
• Permanent Salaries - Nurses	4,498	2,249	2,249
• Fringe Benefits	<u>3,645</u>	<u>1,823</u>	<u>1,822</u>
Subtotal	\$20,578	\$10,289	\$10,289
<u>SFGH</u>			
• Permanent Salaries - Miscellaneous	\$115,787	\$57,893	\$57,894
• Permanent Salaries - Nurses	53,641	26,820	26,821
• Premium Pay - Nurses	574	287	287
• Fringe Benefits	<u>44,697</u>	<u>22,349</u>	<u>22,348</u>
Subtotal	\$214,699	\$107,349	\$107,350
Total Recommended Reductions	\$235,277	\$117,638	\$117,639

2. Amend the proposed ordinance (File 101-95-78) to provide for actions previously taken.

3. Approve the proposed ordinance (File 101-95-78) as amended.

4. Approve the proposed ordinance (File 102-95-19).

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Attachment 1 (revised)

Positions	Division Budget	Total FTEs	FTEs hired in	Annual Cost			Total
			Fiscal Year 1995-1996 (June 3, 1996)	Salaries	Fringe Benefits	Total	Fiscal Year 1995-1996 Cost
AWW AWW MH Program Director	TBD	1.00	1.00	94,002	17,880	111,662	8,672
1827 Admin Services Manager	SFGH	1.00	1.00	52,800	10,032	62,832	4,815
1244 Senior Personnel Analyst	SFGH	0.50	0.50	27,066	5,142	32,208	2,468
1426 Clerk	SFGH	2.00	1.00	65,114	12,040	77,154	2,956
2112 Med Rec Tech	SFGH	1.00	1.00	37,920	7,012	44,932	3,443
2110 Med Rec Clerk	SFGH	1.00	-	33,856	6,224	39,880	-
2574 Behavioral Psychologist	SFGH	0.50	0.50	31,960	6,072	38,032	2,914
2576 Neuro Supervising Psychologist	SFGH	0.60	-	33,369	6,340	39,709	-
2322 Head Nurse	SFGH	1.00	1.00	74,698	14,193	88,891	6,812
2593 HPC III (STP Coordinator)	SFGH	1.00	1.00	53,323	10,131	63,454	4,862
2320 RN (UR/QS Coordinator)	SFGH	1.00	1.00	58,699	11,163	69,862	5,363
2326 Nursing Director-	SFGH	1.00	1.00	82,137	16,806	97,743	7,490
2320 RN Charge	SFGH	5.10	2.55	345,646	59,723	405,369	15,531
2320 RN	SFGH	10.13	1.00	624,237	112,978	737,215	5,577
2320 Lead RN	SFGH	3.00	3.00	224,095	42,578	266,673	20,435
XXXX Team Leader	SFGH	25.32	3.00	1,095,028	184,726	1,289,756	11,710
2312 Treatment LVN	SFGH	1.00	0.75	39,610	7,324	46,934	2,697
2305 LPT (or LVN)	SFGH	27.01	1.50	1,128,058	200,780	1,328,838	5,659
AYYY MH Rehab Worker	SFGH	54.01	4.00	1,477,558	269,976	1,747,536	9,917
1404 Escort/Clerk	SFGH	2.00	-	57,229	10,583	67,812	-
1428 Unit Clerk	SFGH	6.00	1.50	207,731	38,412	246,143	4,715
2932 Senior Psych Social Worker	SFGH	1.00	1.00	63,743	9,938	63,681	4,880
2930 Psych Social Worker	SFGH	5.00	1.00	257,182	47,557	304,739	4,670
2548 Occupational Therapist	SFGH	1.00	0.50	52,304	9,936	62,242	2,365
AVVV Therapy Assistant	SFGH	13.04	2.00	660,676	104,629	655,305	7,702
2568 Activity Leader (HW II)	SFGH	15.00	2.50	485,038	89,857	575,795	7,354
2323 CNS	SFGH	1.00	0.50	78,430	14,902	93,332	3,676
AZZZ Dual Diagnosis Specialist	SFGH	2.00	0.50	93,328	17,257	110,583	2,118
Admin/house coverage	Subtotal	183.11	34.30	7,416,535	1,352,967	8,769,502*	158,611
2232 Medical Director	DMSF	1.00	1.00	107,166	20,362	127,528	9,772
2328 Nurse Practitioner	SFGH	0.50	-	33,895	6,402	40,097	-
2230 Internist	SFGH	0.50	-	46,598	9,234	57,832	-
2230 Psychiatrist	DMSF	2.00	-	194,392	36,935	231,327	-
Medical Staff	Subtotal	4.00	1.00	383,851	72,933	456,784	9,772
9924 Peer Counselor	TBD	6.00	-	139,374	26,481	165,855	-
2910 Rcp Payee Counselor	DMSF	1.00	-	42,439	6,883	49,322	-
2930 Linkage Psych SW	DMSF	5.00	-	250,299	47,557	297,856	-
2454 Clinical Pharmacist	TBD	0.50	0.50	34,287	6,514	40,801	3,127
2408 Pharmacy Tech	TBD	0.50	0.50	22,124	4,204	26,328	2,017
2320 QA/RN RN	DMSF	1.00	1.00	58,699	11,153	69,852	5,353
2575 Research Psychologist	DMSF	1.00	-	82,808	11,933	94,741	-
Mental Health System Support	Subtotal	15.00	2.00	610,030	114,726	724,756	10,497
1652 Senior Accountant	SFGH	1.00	-	41,238	7,635	48,073	-
1220 Payroll Clerk	SFGH	0.50	0.50	17,852	3,392	21,244	1,628
1404 Messenger	SFGH	1.00	-	27,849	5,291	33,140	-
Administrative support	Subtotal	2.50	0.50	88,939	16,518	103,457	1,628
7334 Stationary Engineer	SFGH	2.00	1.50	94,020	17,864	111,884	6,430
7342 Locksmith	SFGH	1.00	0.75	53,666	10,177	63,743	3,663
Plant services	Subtotal	3.00	2.25	147,586	28,041	175,627	10,094
2740 Porter Supervisor	SFGH	1.00	0.75	35,209	6,690	41,899	2,408
2736 Porter	SFGH	14.00	2.25	407,055	77,341	484,396	5,965
Housekeeping	Subtotal	15.00	3.00	442,264	84,031	526,295	8,373
8202 Security Guard	SFGH	5.00	3.75	143,073	27,184	170,257	9,786

*Salary savings of \$616,502 would reduce the salary amount to \$8,153,000 for FY 1996-97.

Attachment 1 (revised)

Positions	Division Budget	Total FTEs	FTEs hired in Fiscal Year 1995-1996 (June 3, 1996)	Annual Cost			Total Fiscal Year 1996-1996 Cost
				Salaries	Fringe Benefits	Total	
1450 CPD Tech	SFGH	1.00	-	38,886	7,388	46,274	-
2624 Dietician	SFGH	1.00	1.00	45,179	8,584	53,763	4,120
2618 Food Services Supervisor	SFGH	1.00	1.00	31,842	6,060	37,902	2,904
2619 Senior Food Service Supervisor	SFGH	1.00	-	35,026	6,655	41,681	-
2654 Cook	SFGH	1.00	1.00	35,368	6,710	42,085	3,225
2604 Food Service Worker	SFGH	7.50	2.25	199,273	37,862	237,135	6,451
Food services	Subtotal	11.50	5.25	346,686	65,870	412,556	15,700
Total		240.11	52.05	9,615,850	1,769,657	11,385,607	224,460

MAY 16 '96 12:21PM CCSF MENTAL HEALTH

San Francisco General Hospital Medical Center

Staffing Cost Comparison for the Mental Health Rehabilitation Facility

TELECARE STAFFING

Positions	FTEs	Annual Salary	Salary Cost	Fringe Benefits	Total Cost
Support Services					
Executive Director	1.00	94,000	94,000	27,457	121,457
Admin. Assistant	1.00	30,784	30,784	8,992	39,776
Human Resources Mgr.	1.00	41,475	41,475	12,115	53,590
Reception/Typist	1.47	23,581	34,664	10,125	44,789
Clerk Typist	1.05	23,582	24,761	7,233	31,994
Business Services Mgr.	1.00	52,602	52,602	15,365	67,967
Financial Services Mgr.	1.00	36,816	36,816	10,754	47,570
Business Office Assistant	2.00	27,872	55,744	16,283	72,027
Medical Records Tech.	1.00	32,031	32,031	9,356	41,387
Medical Records Asst.	1.00	29,843	29,843	8,717	38,560
Clinical Services					
Clinical Director	1.00	68,016	68,016	19,867	87,883
Psychologist/Clin. Coord.	1.00	62,878	62,878	18,367	81,245
Clinical Secretary	1.00	30,784	30,784	8,992	39,776
Director of Staff Develpt.	1.00	55,682	55,682	16,265	71,947
Rehabilitation Specialist	1.00	40,642	40,642	11,872	52,514
QA/QI Coordinator	1.00	55,682	55,682	16,265	71,947
Analyst	0.50	43,140	21,570	6,301	27,871
Nursing Administration					
Director of Nursing	1.00	62,690	62,690	18,312	81,002
Asst. Director, Nursing	3.78	57,112	215,884	63,060	278,944
RN Supervisor	11.77	55,484	653,046	190,755	843,800
LPT/LVN Unit Supervisor	30.58	36,375	1,112,362	324,966	1,437,327
MHA/CNA	83.24	22,485	1,871,661	546,712	2,418,374
Transportation	3.23	22,475	72,593	21,204	93,798
Unit Clerks	4.60	22,544	103,704	30,292	133,996
Social Services					
Dir. Social Svcs./Clin. Coord.	1.00	50,544	50,544	14,764	65,308
Social Worker/LCSW	5.50	42,307	232,689	67,968	300,657
Peer Counselor	2.23	19,960	44,511	13,002	57,512
Clerk Typist (Soc. Svc.)	0.51	23,588	12,030	3,514	15,544
Rehabilitation Services					
Dir. of Rehab Svcs./Clinic	1.00	48,589	48,589	14,193	62,782
Rehabilitation Therapist	6.00	36,816	220,896	64,524	285,420
Rehabilitation Activity Lea	8.65	22,479	194,447	56,798	251,245
Nurse Manager	1.00	57,970	57,970	16,933	74,903

SUBTOTAL	182.11	5,721,590	1,671,322	7,392,912
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SERVICES & SUPPLIES

246,688 *

INDIRECT EXPENSES

916,752

GRAND TOTAL TELECARE	8,566,352
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*Contains \$171,731 in expenses exclusive to the contractor. Therefore, the total contract amount is \$8,481,395 for comparison with Civil Service staff. 60

Item 17 - File 161-95-6.1

Note This item was continued by the Budget Committee at its meeting of December 6, 1995.

Department: San Francisco Redevelopment Agency (SFRA)

Item: Resolution approving an amendment to the budget of the Redevelopment Agency for FY 1995-96 by increasing by \$1,000,000 the Agency's expenditure for the South of Market Earthquake Recovery Redevelopment Project Area; approving the issuance of not to exceed \$1,143,000 of Tax Increment Bonds; and authorizing the Agency to increase its Annual Statement of Indebtedness by \$98,069.

Description: The Redevelopment Plan for the South of Market Earthquake Recovery Redevelopment Project Area was adopted by the Board of Supervisors in June of 1990. An amendment to the Redevelopment Plan was approved by the Board of Supervisors in December of 1994 (File 161-94-7). Although the main purpose of this amendment was to revise time limits for (1) performance of redevelopment projects, (2) incurring debts and (3) receiving Tax Increment funds, the amendment to the plan also added development of a new health center as one of the objectives of the redevelopment program in the Project Area. Mr. Michael Kaplan of the SFRA states that the proposed issuance of Tax Increment Bonds would be used to finance site selection and acquisition of a site for a new building to serve as the South of Market Health Center. Mr. Kaplan states that the South of Market Health Center, currently located at the corner of Minna and Russ Streets (in leased space), has inadequate space, is structurally unsound and is not convenient to public transportation. Mr. Kaplan advises that the South of Market Health Center would terminate its lease and vacate the building on Minna and Russ Streets when the proposed new facility is constructed.

The South of Market Health Center is not funded or operated by the Department of Public Health (DPH). The South of Market Health Center is a private non-profit agency that qualifies for certain Federal funds. The South of Market Health Center currently serves primarily single adults, although Mr. Charles E. Range, Executive Director of the South of Market Health Center, states in an April 25, 1996 report to the DPH that the replacement facility would provide for the enhancement of services to women, children and seniors in the area.

This request of \$1,000,000 for site acquisition would be funded from the sale of \$1,143,000 in Tax Increment Bonds that would be repaid from Tax Increment funds. The total cost of repaying the debt is estimated to be approximately \$2,451,725, assuming an average interest rate of 7 percent per year, or an annual payment of \$98,069 for 25 years. The bonds would be repaid over the 25 year period beginning in FY 1996-97, and would extend through FY 2021-22.

The Tax Increment Bonds would be issued to fund the acquisition of a new site for the South of Market Health Center. Tax Increment dollars which are committed to financing Redevelopment Projects are intended to increase Property Tax revenues in a project area as a byproduct of the Redevelopment activities. The use of tax increment financing reduces Property Tax revenues that would otherwise be available to the City. The impact on the City's General Fund of additional Tax Increment expenditures is to reduce Property Tax revenue that would otherwise be available by an amount equal to approximately 65 percent of the Tax Increment expenditure.

Over the 25 year financing period for the proposed Tax Increment Bonds, the loss to the General Fund (including special City funds such as the Open Space Fund, the Library Preservation Fund and the Children's Fund) would therefore equal approximately \$1,593,621 (65 percent of \$2,451,725). The remaining 35 percent (\$858,104) would reduce Property Tax revenue that would otherwise be available to the Bay Area Rapid Transit District (BART), the Bay Area Air Quality Management District, the San Francisco Unified School District and the San Francisco Community College District.

Comments:

1. Mr. Kaplan states that, while the SFRA plans to purchase a site for the proposed new health center, the SFRA does not intend to finance construction of the proposed new health center. Mr. Kaplan advises that, if the proposed resolution is approved, up to \$25,000 of the funds would be used to develop a feasibility analysis of the entire project. Mr. Kaplan further states that the SFRA would not issue the proposed Tax Increment Bonds until such time as a satisfactory feasibility study has been completed. Mr. Bob Gamble of the SFRA states that, although the proposed resolution does not specifically authorize expenditures for site selection activities or a feasibility study, such expenditures constitute a capital cost because they are directly related to the proposed site acquisition.

2. Mr. Kaplan states that Tax Increment funds anticipated to be generated in the Golden Gateway Redevelopment Project Area will be used to repay the proposed Tax Increment Bonds. Mr. Kaplan advises that the recent merger of the Golden Gateway Redevelopment Project with the South of Market Earthquake Recovery Project (approved by the Board of Supervisors in November of 1995, File 73-95-2) will permit the use of Tax Increment funds generated in the Golden Gateway Project Area for projects in the South of Market Earthquake Recovery Project Area, including the proposed new South of Market Health Center.

3. Mr. Kaplan advises that the SFRA has not yet selected a site for construction of a new building for the South of Market Health Center. The actual cost of such acquisition, and annual operating costs, are therefore unknown, according to Mr. Kaplan.

4. Funding of \$1,000,000 for the proposed acquisition of a new site for the South of Market Health Center was included by the SFRA in their FY 1995-96 budget submitted to the Mayor. However, this project was deleted by the Mayor's Office prior to submission of the proposed budget to the Board of Supervisors. Ms. Teresa Serata, formerly of the Mayor's Office, stated that the Mayor's Office informed the SFRA at that time (June, 1995) that they would not support funds for site acquisition until the project could show evidence of financial support for construction operations and a three-year financial plan for expanded South of Market Health Center operations. See Comment No. 5 for a description of the information that has since been provided by the South of Market Health Center.

5. The Budget Committee continued this matter in December of 1995, pending provision to the Budget Committee of: (1) specific plans for the services to be provided at the new South of Market Health Center; (2) details on construction financing; and (3) an operating budget showing revenue sources for any expanded operations, prior to approval of this request.

The South of Market Health Center has provided a package of information to the Budget Committee in response to the issues listed above. The project summary is attached to this report. An overview of the South of Market Health Center's response is provided below.

Specific Plans for the Services to be Provided

The information package provided by the South of Market Health Center states that the existing South of Market Health Center currently serves 4,800 clients annually. Single adult males constitute 66 percent of the patients using the clinic. Approximately 80 percent of the Center's clients have incomes at or below the poverty level.

According to the information package, the proposed new Health Center would provide the current services, as well as providing separate adult and pediatric treatment areas, mental health, ancillary support services, and urgent care not requiring hospitalization. The new facility would incorporate space for optometry, podiatry, pharmacy and medical sub-specialties, as well as permit centralizing clinical and administrative functions in one building. The site plans and financial projections are based on increasing the clinic's current capacity of 4,800 patients to approximately 10,000 patients annually by 2002-2003.

According to the proposal, the South of Market Health Center would increase staff physicians from the current three to a total of five by the second year of operation in the proposed new facility. Mr. Range states that the South of Market Health Center hopes to lease space in the new facility to a pharmacy, rather than provide pharmaceutical services directly. Mr. Range advises that further expansion of services would be phased in over time.

Construction Financing

The information package provided by the South of Market Health Center states that the proposed \$1 million in land acquisition financing from the Redevelopment Agency would be used to attract capital financing for construction and acquisition of major medical equipment. No funds have been raised for these purposes as of the writing of this report.

The information package states that the Health Center hopes to raise a total of approximately \$3 million for construction, including (1) \$1.25 million in corporate and foundation support; (2) \$1 million in grants and contracts; (3) \$250,000 in private gifts; and (4) \$500,000 in loans, for purposes of constructing a new health center facility.

Mr. Range advises that the South of Market Health Center will apply for \$1,000,000 in Federal Capital Improvement Program matching funds if the proposed \$1,000,000 in SFRA funding is approved. If successful, such a Federal grant

BOARD OF SUPERVISORS
BUDGET ANALYST

application would provide the \$1 million in grants and contracts noted above.

Mr. Malik Looper of the Mayor's Office of Community Development advises that the South of Market Health Center has been awarded a \$36,375 grant from the Enterprise Community Program (funded through the Federal Social Services Block Grant) to fund the hiring of a development specialist for nine months to raise corporate, foundation and private donations for its capital campaign to construct a new health center facility.

Operating Budget and Revenue Sources

The information package provided by the South of Market Health Center contains a seven-year projection of revenue and expenses, assuming that the new facility would begin operation in Year 6. In other words, the projection provides two years of projections for operation of the proposed new facility. A copy of the projection is shown on the last page of the attachment to this report. As noted in the attachment, by Fiscal Year 2002-2003, total annual revenues are estimated at \$2.3 million, and total annual expenses are estimated at \$2.1 million.

The projections by the South of Market Health Center assume that the Health Center will receive no cuts in Federal funding over the seven year period, and that a \$200,000 Federal grant will be awarded to cover the cost of equipment and furnishings. In order to recover revenues anticipated to be lost through reduced reimbursement rates under managed care, the Health Center projections assume (1) major increases in full and partial payment by clients, increasing from a combined total of 18 percent of third party and self-pay revenues in the first year to 53 percent in the seventh year; (2) a 10 percent annual increase in the number of patients; (3) increased self pay collection rates from 50 percent to 80 percent; and (4) enrollment of 21 percent of patients in managed care by Year 7.

6. Mr. Bob Prentice of the DPH states that the DPH, which raised serious concerns about the project when it was first heard before the Budget Committee in December, 1995, now supports the proposed resolution. Mr. Prentice reports that the South of Market Health Center has agreed to conduct a formal needs assessment to more precisely determine the target population that a new health center facility would serve. Mr. Prentice states that the South of Market Health Center is expected to participate as part of the provider network in the Community Health Network of San Francisco,

BOARD OF SUPERVISORS **BUDGET ANALYST**

which is being established by the DPH to address the managed care environment.

Mr. Prentice advises that, given the profound uncertainty in Federal funding, there is no assurance that any particular health clinic will be able to sustain viable operations. However, Mr. Prentice further advises that the South of Market area presents an opportunity to establish a patient base that will give the South of Market Health Center the ability to survive, especially as part of the City's provider network.

Mr. Prentice states that the DPH believes that the South of Market Health Center can succeed at a new, expanded site, in a more accessible part of the South of Market neighborhood. However, Mr. Prentice states that the DPH support is partly based on the assumption that, in the event that the South of Market Health Center is unable to raise construction funds or fails to meet its ongoing operating budget, the SFRA would retain control over the site of the proposed new facility.

7. In summary, the proposed resolution would authorize the SFRA to expend \$1 million in Tax Increment funds to fund land acquisition for relocation of the South of Market Health Center to an as-yet undetermined site. The South of Market Health Center has provided the Budget Committee with an information package that addresses concerns regarding the organization's ability to raise funds for construction of the new facility, to sustain an operating budget at an expanded facility, and to define its mission and target client population at a new facility. However, the information packet provided by the South of Market Health Center does not (1) show specific commitments for construction financing; or (2) establish that key assumptions of the operating budget are realistic.

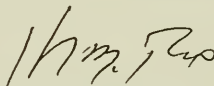
To date, no funds have been raised for construction, although the South of Market Health Center will have the funds to hire a development specialist for nine months to attempt to raise the \$3 million in estimated construction costs that is needed. In the professional judgment of the Budget Analyst, the projected operating budget contains optimistic assumptions regarding such key factors as the proportion of patients who will be enrolled in managed care, and the revenues that will be obtained from full or partial payments by patients (as opposed to third parties). Such projections also assume an expanded client base that would cater more

heavily to seniors and employed persons than is currently the case for the South of Market Health Center.

The DPH, which raised serious concerns about the project when it was first heard before the Budget Committee in December of 1995, now supports the proposal. DPH officials plan to assist the South of Market Health Center in clarifying their public health role in the South of Market area. The DPH support is partly based on the assumption that, in the event that the South of Market Health Center is unable to raise construction funds or fails to meet its ongoing operating budget, the SFRA would retain control over the site of the proposed new facility.

In the professional judgment of the Budget Analyst, there is a significant risk that the proposed facility will not be financially viable, because (1) no construction funding has been committed as of the writing of this report; and (2) key assumptions in the operating budget, described above, may be overly optimistic. However, (1) Mr. Kaplan states that the SFRA would not issue the proposed Tax Increment Bonds until such time as a satisfactory feasibility study has been completed; and (2) Mr. David Madway of the SFRA legal staff states that approval of the proposed resolution would create no obligation under redevelopment law for any financial participation in the project on the part of the City, other than the \$1 million in Tax Increment funding that is proposed. The DPH advises that there are no other health care providers in the South of Market Area, and the proposed facility would, if successful, improve services to this community.

Recommendation: Approval of the proposed resolution is a policy decision for the Board of Supervisors.


Harvey M. Rose

cc: Supervisor Hsieh	Clerk of the Board
Supervisor Kaufman	Chief Administrative Officer
Supervisor Bierman	Controller
President Shelley	Margaret Kisliuk
Supervisor Alioto	Paul Horcher
Supervisor Ammiano	Ted Lakey
Supervisor Kennedy	
Supervisor Leal	
Supervisor Teng	
Supervisor Yaki	

BOARD OF SUPERVISORS
BUDGET ANALYST

SOUTH OF MARKET HEALTH CENTER

PROJECT SUMMARY FACILITY DEVELOPMENT PLAN

I. BACKGROUND

South of Market Health Center, a private non-profit community health center, is proposing to build a replacement facility for its clinic at 551 Minna Street. The facility, located in a high crime area in a rehabilitated 20 year old warehouse, is seismic unsafe; seriously compromising the safety of patients and staff, and rendering the site totally inadequate for present and future needs of the organization. With managed care contracting South of Market Health Center is challenged to offer a more competitive program that can serve a broader population base, and one that can increase its revenue generating capacity. A new facility is the cornerstone of this objective to provide more efficient and effective service programs. South of Market Area residents have a right to expect a higher level of comfort and quality health care programs from the health care system on which they must depend.

Preliminary site plans reflect increasing the clinic's current capacity of 4,800 patients to approximately 10,000 patients; who will generate an excess of 35,000 visits annually. The replacement facility will provide for the enhancement of services to women, children, and seniors in the area. New services will be added to include pharmacy, health education and disease prevention, mental health, and an expanded case management program.

South of Market Health Center, as the only primary care provider within this community provides access to some of the most vulnerable city residents. Its mission is to increase access for people who have traditionally experienced difficulty in obtaining health services, to provide them with a broad continuum of services, and to advocate for their health and welfare. The health center is desirous of expanding its capacity to include uninsured employees of small business in the area and the growing residential based senior population.

II. REQUEST SUMMARY

South of Market Health Center is requesting \$1 million to purchase land for construction of a new clinic facility. In addition to securing a site, these funds will serve as the foundation for a capital campaign to raise funds both for construction and acquisition of major medical equipment.

South of Market Health Center

Although the request for the allocation is being attended by South of Market Health Center, there exist strong community support and endorsement of this request. The community, using a consensus planning process, has identified a new clinic as atop priority to address health needs of South of Market Area residents. In 1995 the South of Market Problem Solving Council successfully petitioned the San Francisco Redevelopment Agency to budget \$1 million for land for a new health clinic. Final approval is now needed by the Mayor's Office and the Board of Supervisors. The allocation, if approved, will provide the needed leverage to attract corporate and foundation support, as well as private donations; all of which is necessary to accomplish the goal of a new facility for South of Market Area residents.

III. CAPITAL CAMPAIGN

Projected cost for the new facility, including land, is \$4 million (see Exhibit A). Success of the project is largely dependent on the city's approval of the Redevelopment Agency's budget request of \$1 million for land. This request forms the basis of the financing structure of the capital campaign. It is also part of the following list of assumptions on which the capital campaign has been developed:

- The \$1 million from the City's Redevelopment Agency will be used to purchase approximately 20,000 square feet of land, to construct a *two-story* building of approximately 20,000 square feet, with adequate parking for patients and staff. Several parcels within the South of Market Area, strategically located, have been identified as possible sites.
- South of Market Health Center, a Federally Qualified Health Center, is eligible to apply for federal grant under the "Capital Improvement Program" (CIP) as a match to the \$1 million. Other federally funded clinics in the Bay Area have been awarded up to \$1.5 million under the CIP program. South of Market Health Center will initiate its CIP application, with approval of the request before the city. Eligibility for a CIP grant requires FQHC status, service to a medically underserved population, compliance with earthquake safety standards, demonstrated economic viability, and the ability to demonstrate that the capital improvements will have a positive impact on participation in managed care.
- South of Market Health Center has been awarded a grant for \$36,375 under the city's Federal Enterprise Community program to support staffing for its capital campaign.
- Approximately \$89,000 from rental and lease agreements, which is currently being used to house both clinic and administrative offices would be available, with the completion of the new facility, to offset any operational cost or loan debt service which may be incurred.

South of Market Health Center

- A capital development campaign to raise \$1.5 million in corporate and private funding. South of Market Health Center has hired a director for Development and Fundraising to managed solicitation of contributions from foundations and corporate donors. The agency will convene a "Capital Campaign Committee" with local representation of influential persons, who can assist with corporate and foundation contacts, and provide direction for fundraising activities.
- South of Market Health Center, in 1990 moved from a negative cash flow to operating in the black, since 1993. The financial health of the organization has continued to improve and an aggressive management plan has been implement to continue this trend. South of Market Health Center's FQHC status, with Medi-Cal cost-based reimbursements, is projected to continue through 1998.
- Negotiations are currently underway with San Francisco General Hospital, for public sector contract and participation in the managed care network. (A detail financial projection through the year 2003, has been included in the attached "Capital Campaign Plan".)

IV. PROJECT STRENGTHS AND OPPORTUNITIES

Construction of a new clinic facility for South of Market Health Center presents several opportunities and benefits for both the community and the city at large.

- Permanent use of the clinic for community health services is assured, if the title to the clinic is retained by the Redevelopment Agency and leased to South of Market Health Center on a long term basis.
- To provide effective and efficient services for all users, a creative design approach will be used accommodating the diverse population types, and programs of the clinic. The new location will continue to be physically accessible to our current patient population, as well as, being sufficiently comfortable to attract a broader patient base. It is anticipated that the clinic will be divided into distinct medical suites for Women Services, Geriatric, Pediatrics and Internal and Adult Medicine. The goal will be to create a positive environment for all who use South of Market Health Center.
- A new facility will further secure the continuation of federal and private funds, of approximately \$2 million, for health services to medically indigent and medically underserved residents in San Francisco.
- The project contributes to the continued viability of San Francisco General Hospital with contractual and referral arrangements for to in-patient and specialist services.

South of Market Health Center

- A new facility will promote good will and further assure that the community's priority for improved health care services is shared by local government.

V. ASSURANCES AND FUTURE VIABILITY

The lease on the current site, includes a provision to transfer ownership to South of Market Health Center at the death of the owner. Although this is an eventual asset, its availability is not predictable.

South of Market Health Center's management has demonstrated that it has the capability for efficient and effective operations. Since 1990 this administration has successfully achieved the following:

- (1) increased the patient load from 2,000 to nearly 5,000 patients,
- (2) increased the operational budget from \$1.5 million to over \$2 million annually,
- (3) eliminated a \$300,000 deficit in the first 3 years of its tenure,
- (4) expanded services to include podiatry, dental, social services, HIV services, and prenatal services; and
- (5) improved the quality of care with outstanding clinical and professional staffing.

Based on historical and current financial experience, and the projected changes in the health care system, South of Market has developed a seven year "financial plan" (see Exhibit B). Conservative estimates indicate a positive cash position of \$41,312 in Year 1 and of \$110,220 in Year 2. However in Year 3, when the FQHC cost-reimbursement status is projected to end a negative cash position is projected at \$52,793. The cash reserve from Year 1 and 2 will, when applied to the projected shortfall of Year 3, result in a much reduced negative position of \$1,261.

CONCLUSION

The replacement of the Minna Street facility represents a necessary step to meet the rising demand for quality, affordable primary care services in the South of Market Area. Operations in the current facility with its constricted space, makeshift partitions, and hand-lettered signs is not acceptable; and as a viable program, significantly compromised in the evolving health care environment. With growth new doors are opened that lead to risk and to opportunity. South of Market is prepared to grow and confront the challenges presenting new and better opportunities for this community. The establishment of a quality health care system in South of Market is viewed as a partnership between the community, the city and private providers.

SOUTH OF MARKET HEALTH CENTER

Capital Development Plan to Reach Goal of \$4,000,000

Number of Gifts	Range	Total	Cumulative Total
Corporation/ Foundations			
3	\$100,000	\$300,000	\$300,000
6	50,000	300,000	600,000
10	30,000	300,000	900,000
10	20,000	200,000	1,100,000
15	5,000	75,000	1,175,000
20	2,000	40,000	1,215,000
35	1,000	35,000	\$1,250,000
Private Giving			
150	500	75,000	75,000
300	250	75,000	75,000
500	100	50,000	125,000
500	50	25,000	150,000
1000	25	25,000	\$250,000
Grants/Contracts			\$1,000,000
Loans			\$500,000
Total Capital Campaign			\$3,000,000
LAND (CCSF) Redevelopment Agency			
			\$1,000,000
TOTAL PROJECT COST			<u>\$4,000,000</u>

SFMCOIP (dba) CURTIS JONES - ROBERT ROSS
COMMUNITY HEALTH CENTER

SEVEN-YEAR PROJECTION (STARTING APRIL 1, 1996)
THIRD PARTY, SELF-PAY & OTHER INCOME

	1st Year 1996/1997	2nd Year 1997/1998	3rd Year* 1998/1999	4th Year 1999/2000	5th Year 2000/2001	6th Year 2001/2002	7th Year 2002/2003
PROJECTED REVENUE							
Medicaid (FOHC)	447,793	492,572					
Managed Care			132,000	213,600	250,560	265,920	262,320
Medicare	114,912	126,403	126,403	139,043	152,948	168,242	185,067
Private Insurance	16,632	18,295	6,653	7,318	8,050	8,855	9,741
C.H.D.P.	2,520	2,772	2,772	3,049	3,354	3,690	4,058
Self-Pay 100%	49,392	54,331	99,036	108,914	119,801	146,765	154,115
Sliding Fee	75,701	83,342	128,711	196,095	251,617	308,206	369,862
TOTAL THIRD PARTY & SELF-PAY	706,950	777,716	495,575	668,020	786,330	901,678	985,163
Grants/Contracts:							
CHC, 330 Grant	846,817	846,817	846,817	846,817	846,817	846,817	846,817
CHC, 330 One Time Grant						200,000	
Health for the Homeless	146,066	146,066	146,066	146,066	146,066	146,066	146,066
HIV Title III	104,228	104,228	104,228	104,228	104,228	104,228	104,228
Ryan White, Title I	69,143	69,143	69,143	69,143	69,143	69,143	69,143
Ryan White, Title IC	31,611	31,611	31,611	31,611	31,611	31,611	31,611
BCEDP	16,474	16,474	16,474	16,474	16,474	16,474	16,474
EAPC	22,800	22,800	22,800	22,800	22,800	22,800	22,800
Foundation Fund Raising		50,000	75,000	65,000	10,000		
In-Kind Services	79,958	79,958	79,958	79,958	79,958	79,958	79,958
TOTAL GRANTS/CONTRACTS	1,317,097	1,367,097	1,392,097	1,382,097	1,327,097	1,517,097	1,317,097
GRAND TOTAL	2,024,047	2,144,813	1,887,672	2,050,117	2,113,427	2,418,775	2,302,260
PROJECTED EXPENSES							
Salaries & Wages	1,347,379	1,385,580	1,385,580	1,385,580	1,430,580	1,475,580	1,520,580
Fringe Benefits	282,950	290,972	290,972	290,972	300,422	309,872	319,322
Travel	15,000	15,000	15,450	15,914	16,391	16,391	16,391
Supplies	46,500	48,825	50,290	51,798	53,352	53,352	53,352
Contractuals	21,800	22,890	23,577	24,284	25,013	25,013	25,013
Other Expenses:							
Space (Rental)	88,800	88,800	88,800	88,800	88,800	0	0
Equipment Lease	13,200	13,200	13,596	14,004	14,424	14,424	14,424
Computer Lease	16,906	16,906	17,413	17,936	18,474	18,474	18,474
Communications	25,000	26,250	27,038	27,849	28,684	28,684	28,684
Answering Service	1,800	1,800	1,854	1,910	1,967	1,967	1,967
Continuing Educ.	3,500	3,675	3,785	3,899	4,016	4,016	4,016
Staff/Board Training	5,000	5,000	5,150	5,305	5,464	5,464	5,464
Insurance/Bonding	60,000	60,000	60,000	61,800	63,654	63,654	63,654
Legal Fees	6,000	6,000	6,000	6,180	6,365	6,556	6,753
Audit Fees	7,500	7,500	7,500	7,725	7,957	8,195	8,441
Printing/Duplicating	1,500	1,500	1,545	1,591	1,639	1,639	1,639
Postage	5,000	5,000	5,150	5,305	5,464	5,464	5,464
Membership Dues	3,500	3,500	3,605	3,713	3,825	3,825	3,825
Utilities	13,500	14,175	14,600	15,033	15,489	15,489	15,489
Alarm System	2,400	2,520	2,596	2,673	2,754	2,754	2,754
Maintenance/Repairs	9,000	9,000	9,270	9,548	9,835	9,835	9,835
Payroll/Bank Charges	3,500	3,500	3,605	3,713	3,825	3,825	3,825
Equipment & Furnishing						200,000	
Miscellaneous Expense	3,000	3,000	3,090	3,183	3,278	3,278	3,278
TOTAL EXPENSES	1,982,735	2,034,593	2,040,465	2,048,718	2,111,669	2,277,752	2,132,644
	41,312	110,220	-152,793	73 1,398	1,757	141,023	169,616

SFMCOIP (dba) CURTIS JONES - ROBERT ROSS
COMMUNITY HEALTH CENTER

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5/27/96

CALENDAR

REGULAR MEETING
BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT.

AUG 27 1996

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WEDNESDAY, MAY 29, 1996 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

PRESENT: SUPERVISORS TOM HSIEH, BARBARA KAUFMAN, SUE BIERMAN

ABSENT: SUPERVISOR KAUFMAN - ITEM 15

ACTING CLERK: GAIL JOHNSON

1. File 200-96-3. [Unreinforced Masonry Retrofit Program] Hearing to consider the status of the Unreinforced Masonry Retrofit Program. (Supervisor Hsieh)
(Continued from 5/1/96)

ACTION: Hearing held. Filed.

2. File 97-96-34. [Seismic Safety Loan Program] Ordinance amending Administrative Code Sections 66A.3, 66A.9, 66A.17, 66A.19, 66A.22 and 66A.23, regarding permissible loan packagers; permissible life/safety improvement costs; payment of financial consultant fees; applicability of base wage requirements; applicability of prevailing wage requirements; and applicability of economically disadvantaged hire requirements. (Supervisor Hsieh)

ACTION: Hearing held. Recommended.

3. File 101-95-2.3. [AAO Amendment, New Football Stadium] Ordinance amending the Annual Appropriation Ordinance for the year 1995-96 by adding Section 34 to authorize sequestration of funds for the new stadium to replace 3COM Park; also see File 172-96-2. (Recreation and Park Department)

ACTION: Amendment of the Whole, as presented by Supervisor Shelley's aide, adopted. Further amended. (See file for details.) Recommended as amended. (Supervisor Shelley added as sponsor.) New title: "Amending the Annual Appropriation Ordinance for the year 1995-96 by adding Section 34 to authorize sequestration of funds for new stadium and renovations to existing stadium, and placing any such appropriated funds on reserve."

4. File 168-96-3. [Park and Open Space Fund, 1996-97] Resolution concurring with the general recommendations on the Park and Open Space Fund for Fiscal Year 1996-1997, reserving approval or disapproval on specific acquisitions. (Recreation and Park Department)

ACTION: Hearing held. Recommended.

5. File 101-95-86. [Appropriation, Recreation and Park Department] Ordinance appropriating \$80,000, Recreation and Park Department, from the General Fund Reserve to professional services, to provide consulting services at the Recreation and Park Department to assist with the preparation of FEMA applications concerning storm damage for fiscal year 1995-96. RO #95217. (Controller)

ACTION: Hearing held. Amended. (See file for details.) Recommended as amended. New title: "Appropriating \$80,000, Recreation and Park Department, from the General Fund Reserve to professional services, to provide consulting services at the Recreation and Park Department to assist with the preparation of FEMA applications concerning storm damage for fiscal year 1995-96; providing for ratification of action previously taken."

6. File 101-95-40.1. [Release of Reserved Funds - Chief Administrative Officer] Hearing to consider release of reserved funds, Chief Administrative Officer (Convention Facilities Fund - Annual Project), in the amount of \$300,000 for preliminary planning and design phase of the Moscone Center Expansion Project. (Chief Administrative Officer)

ACTION: Hearing held. Release of \$140,000 approved. Filed.

7. File 170-96-4. [General Obligation Bonds Issuance] Resolution providing for the issuance of not to exceed \$41,730,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project) including the issuance of an initial series thereof in the aggregate principal amount of \$25,000,000 and designated as the City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project), Series 1996E; authorizing the execution, authentication and registration of said Bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds. (Supervisor Shelley)

ACTION: Hearing held. Recommended. (Supervisors Hsieh, Kaufman and Bierman added as co-sponsors.)

8. File 170-96-5. [General Obligation Bonds Sale] Resolution authorizing and directing the sale of \$7,645,000 City and County of San Francisco General Obligation Bonds (Public Safety Improvement Projects, 1989), Series 1996B; \$14,285,000 City and County of San Francisco General Obligation Bonds (Fire Department Facilities Project, 1992), Series 1996C; \$42,300,000 City and County of San Francisco General Obligation Bonds (School District Facilities Improvements), Series 1996D and \$25,000,000 City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project), Series 1996E; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; approving the forms of Official Notice of Sale of Bonds and Notice of Intention to Sell Bonds; directing the publication of Notice of Sale and Notice of Intention to Sell Bonds; approving the form and execution of the official statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds. (Chief Administrative Officer)

ACTION: Hearing held. Recommended.

9. File 170-96-3. [Water Revenue Bonds] Resolution approving the issuance of not to exceed \$145,000,000 principal amount of San Francisco Water Revenue Bonds to be issued by the Public Utilities Commission of the City and County of San Francisco; affirming covenants contained in the Indenture pursuant to which the Bonds are issued; and authorizing taking of appropriate actions in connection therewith. (City Attorney)

ACTION: Hearing held. Amendment of the Whole bearing same title adopted. Recommended as amended.

10. File 101-95-81. [Appropriation, Dept. of Public Health/SFGH] Ordinance appropriating \$63,841 from the General Fund Reserve, rescinding \$24,540 of State tobacco tax revenues and appropriating \$39,301 for management information systems of the Department of Public Health in the General Fund; appropriating and rescinding (reallocating) various tobacco tax revenues and expenditures to comply with State guidelines in the tobacco tax fund; appropriating \$201,685 of tobacco tax revenues for salaries and fringe benefits at San Francisco General Hospital for Fiscal Year 1995-96. RO #95201. (Controller)

ACTION: Hearing held. Recommended.

11. File 97-96-24. [Membership List, Department of Public Health] Ordinance amending Administrative Code by amending Section 16.6-10 thereof, adding certain organizations to the membership list of the Department of Public Health. (Department of Public Health)

ACTION: Hearing held. Amended on page 4, line 13, by replacing "SafetyBeltSale U.S.A." with "SafetyBelt Safe U.S.A." Recommended as amended.

12. File 101-95-84. [Appropriation, Assessor's Office] Ordinance amending the 1995-96 Annual Appropriation Ordinance, Assessor's Office, by appropriating \$656,083 of AB 818 State Loan Revenue, \$373,673 of prior Assessor's system project surplus and \$2,302,886 from General Fund reserve (established from 1994-95 one-time accounting adjustment) to a project to provide an Integrated Assessor's Property Tax system (INPACT) including salaries and fringe benefits for two new staff positions, equipment services of other departments (ISD) and professional services, with the intent that the General Fund be paid back \$1,300,000 from additional State Loan Revenue over the next two years; companion measure to File 102-95-21. RO #95215. (Controller)

ACTION: Hearing held. Amended. (See file for details.) Recommended as amended. New title: "Amending the 1995-96 Annual Appropriation Ordinance, Assessor's Office, by appropriating \$656,083 of AB 818 State Loan Revenue, \$373,261 of prior Assessor's system project surplus and \$2,302,886 from General Fund reserve (established from 1994-95 one-time accounting adjustment) to a project to provide an Integrated Assessor's Property Tax system (INPACT) including salaries and fringe benefits for two new staff positions, equipment services of other departments (ISD) and professional services, with the intent that the General Fund be paid back \$1,300,000 from additional State Loan Revenue over the next two years; placing \$300,000 on reserve."

13. File 102-95-21. [Salary Ordinance Amendment, Assessor's Office] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96), Assessor's Office, reflecting the creation of two (2) positions (Classification 1821 MIS Manager (1); and 1819 MIS Specialist III (1)); companion measure to File 101-95-84. (Department of Human Resources)

ACTION: Hearing held. Recommended.

14. File 101-95-87. [Appropriation, DPW, Mission Street Lighting] Ordinance appropriating \$50,000, Department of Public Works, for Mission Street lighting and rescinding \$50,000 from street resurfacing project gas tax fund. (Supervisors Leal, Bierman)

ACTION: Hearing held. Amended. (See file for details.) Recommended as amended. New title: "Appropriating \$50,000, Department of Public Works, for Mission Street lighting and rescinding \$50,000 from street resurfacing project gas tax fund; placing \$50,000 on reserve."

15. File 101-95-85. [Appropriation, PUC-Hetch Hetchy] Ordinance appropriating \$1,000,000, Public Utilities Commission-Hetch Hetchy, of Hetch Hetchy operating funds to a capital improvement project for the emergency repair of the O'Shaughnessy dam road at Hetch Hetchy for fiscal year 1995-96. RO #95216. (Controller)

ACTION: Hearing held. Recommended.

16. File 101-95-83. [Appropriation, Public Library] Ordinance appropriating \$2,500,000, Public Library, for salaries (\$1,552,242 of Library Preservation Funds and \$947,758 of General Funds), rescinding \$50,000 from General Fund materials and supplies, \$500,000 from books and \$50,000 from materials and supplies in the Library Preservation Fund to address the projected budget shortfall for fiscal year 1995-96. RO #95213. (Controller)

ACTION: Hearing held. Amended by adding a Section 2 to read: "Although the City has incurred no legal obligation under the Charter, the Board of Supervisors does hereby appropriate the funds necessary for the obligation and does hereby ratify the action previously taken." Recommended as amended. New title: "Appropriating \$2,500,000, Public Library, for salaries (\$1,552,242 of Library Preservation Funds and \$947,758 of General Funds), rescinding \$50,000 from General Fund materials and supplies, \$500,000 from books and \$50,000 from materials and supplies in the Library Preservation Fund to address the projected budget shortfall for fiscal year 1995-96; providing for ratification of action previously taken."

17. File 101-95-82. [Appropriation, PTC - Municipal Railway] Ordinance appropriating \$4,943,173, Municipal Railway, of Municipal Railway Operating Funds (fare and subvention revenue, fund balance and rescinding fringe benefits) to fund projected shortfalls in Workers' Compensation and fuel for fiscal year 1995-96. RO #95212. (Controller)

ACTION: Hearing held. Recommended.

18. File 28-96-5. [Emergency Repair, Stockton/Laguna Sts/Julian Ave.] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Stockton Street between Francisco Street and Bay Street, Laguna Street between Ellis Street and Cleary Court and Julian Avenue between 15th Street and 16th Street - \$212,937. (Department of Public Works)

ACTION: Hearing held. Recommended.

19. File 101-95-80. [Appropriation, Department of Public Works] Ordinance appropriating \$82,500, Department of Public Works, of 1989 Earthquake Safety Bond interest earnings to a capital improvement project (utility pipe bracing) at Laguna Honda Hospital for Fiscal Year 1995-96. RO #95203. (Controller)

ACTION: Hearing held. Recommended.

20. File 121-96-7. [Filing and License Fees, Police Permits] Ordinance amending Police Code by amending Sections 2.26, 2.26.1, 2.27, and 2.27.1 relating to permit filing fees and permit license fees. (Police Commission)

ACTION: Hearing held. Amended on page 3, line 17, by replacing "'((30))" with "'((35))," and by replacing "35" with "37." Recommended as amended.

21. File 100-95-1.6. [Reserved Funds, Department of Social Services] Hearing to consider release of reserved funds, Department of Social Services (1995/96 Budget), in the amount of \$410,000 to fund moving expenses and other costs associated with the relocation of Family and Children's Services Staff from 1440 Harrison to 170 Otis Street. (Department of Social Services)

ACTION: Hearing held. Release of \$334,000 approved. Filed.

22. File 101-95-48.2. [Release of Reserved Funds - Art Commission] Hearing to consider release of reserved funds, Art Commission (Reserve for Cultural Centers), in the amount totaling \$69,152 to fund the following capital improvement projects: Bayview Opera House projects \$23,185; Mission Cultural Center heating and ventilation repairs \$38,702; and Center for African & African American Art and Culture (CAAAC) elevator repairs \$7,265. (Art Commission)

ACTION: Hearing held. Release of \$69,152 approved. Filed.

23. File 101-94-107.5. [Release of Reserved Funds - Port] Hearing to consider release of reserved funds, Port (S.F. Harbor Operating Fund), in the amount totaling \$1,098,813.50 for the following capital improvement projects: 1) Pier 35 cruise terminal improvements \$250,000; 2) Ferry Building repairs \$250,000; and 3) Pier 70 repair and upgrade of five cranes \$232,813.50. (Port)
(Continued from 5/22/96)

ACTION: Hearing held. Release of \$866,000 approved. Filed.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

May 24, 1996

TO: Budget Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

Recommended for meeting MAY 29 1996

SUBJECT: May 29, 1996 Budget Committee Meeting

SAN FRANCISCO
PUBLIC LIBRARYItem 1 - File 200-96-3**Note:** This item was continued from the Budget Committee meeting of May 1, 1996.

Item: Hearing to consider the status of the Unreinforced Masonry Buildings (UMBs) Retrofit Program and the UMB Seismic Safety Loan Program.

Description: On November 3, 1992, the San Francisco electorate approved Earthquake Safety Loan Program General Obligation Bonds in the amount of \$350 million to provide funds for the seismic strengthening (retrofitting) of privately-owned Unreinforced Masonry Buildings (UMBs) against earthquakes. In February of 1994, the Board of Supervisors approved the issuance of \$350 million in such General Obligation bonds for the UMB Seismic Safety Loan Program (UMB Loan Program) and authorized the initial sale of \$35 million of these bonds (File 170-94-2). The entire \$35 million was previously appropriated by the Board of Supervisors.

According to Ordinance No. 225-92, approved by the Board of Supervisors, the UMB Retrofit Program requires that UMBs be seismically retrofitted, according to a timeline, based on risk, between August 15, 1996 and February 15, 2006. The UMB Loan Program is administered by the Office of the Chief Administrative Officer. The UMB Loan Program is responsible for financing the seismic retrofit of UMBs for qualified property owners. The goal of the UMB Loan Program is to facilitate the seismic retrofit of UMBs as

Memo to Budget Committee
May 29, 1996 Budget Committee Meeting

quickly as possible. As of April of 1996, there are 2,101 UMBs in the City, according to the Department of Building Inspection. Of the 2,101 UMBs, 1,507 or 71.73 percent still need to be retrofitted. Of the remaining 594 UMBs or 28.27 percent, 257 have been retrofitted, 249 are exempt from the UMB regulations because they do not fall under the definition of UMBs contained in the ordinance, 58 have been demolished and the owners of 30 of these UMBs have not submitted to the Department of Building Inspection the required building inventory forms which provide information on the description of the building, the building location, the type of proposed retrofit and other related information. According to the Department of Building Inspection, these 30 UMBs will be processed through the City Attorney's Office for legal action due to noncompliance with the UMB ordinance requirements. The Department of Building Inspection is responsible for overseeing, monitoring and enforcing the regulations of the UMBs Retrofit (Seismic Safety) Program.

Comments:

1. Ms. Hayden advises that the UMB Loan Program is fully operational and is capable of processing 60 to 75 UMB loan applications per year with current staffing. For Fiscal Year 1995-96, the UMB program budget, as previously approved by the Board of Supervisors, is \$1,953,344 including three permanent positions. Included in that budget are Professional Services of \$1,200,000 for contract services with Newmark Consultant Group, a financial consultant, which is responsible for review of loan applications, underwriting services, management of loan disbursement and accounting and reporting on loan payments received. Newmark Consultant Group is neither an MBE or a WBE firm. The funding source of this administrative budget is the Seismic Safety Loan Fund from UMB bonds. According to Ms. Hayden, UMB loan applications are reviewed by the Newmark Consultant Group within one week of the receipt of such applications. Ms. Hayden states that the UMB Loan Committee, which is a five-member committee consisting of the Director of the Mayor's Office of Housing, the Program Administrator of the UMB Loan Program, and three persons expert in financial, real estate and construction costs, can take action on the loan applications on the same day that the application has been reviewed by the Loan Committee. Ms. Hayden advises that the fees and points associated with the UMB loans are comparable to those charged by private lenders and that the interest rates are competitive with those of private lenders and fixed over a 20-year term. According to Ms. Hayden, for the first bond series of \$35 million, the UMB loan rate is fixed at 8.5 percent for 20 years for market rate

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loans. Below market rate loans with an interest rate of 2.5 percent are available for buildings providing affordable housing. Ms. Hayden states that most bank rates are variable and tied to the Prime Rate (currently 8.25 percent) and range from Prime Rate plus 1.2 percent to Prime Rate plus 2.25 percent. According to Ms. Hayden, permanent bank loans on income producing properties typically have 5 to 7 year terms.

2. Out of the total identified 1,507 UMBs, which still need to be retrofitted, as of February, 1996, the UMB Loan Program has mailed approximately 250 loan applications to approximately 250 owners of UMBs. Of the 250 loan applications mailed, 221, or over 88 percent, have not been returned for processing by the building owners. Of the remaining 29 loan applications, 8 have been approved by the UMB Loan Program Committee, 1 has been denied by the Loan Committee, 4 were withdrawn, and 16 applications are still pending. The 8 UMB loans which have been approved were allocated loans ranging from \$225,000 to \$1,950,000. The total overall amount of the eight approved loans to date is \$5,890,000. The total amount for the 16 loan applications which are still pending is \$7,895,000.

3. Ms. Hayden believes that over 88 percent of the loan applications have not been returned to the City due to several factors which have decreased the demand for UMB loans including: (a) the increased availability of private loan funds, (b) the retrofitting of UMBs appears to have proven less costly than had been earlier projected, thereby permitting some building owners to pay cash to seismically strengthen their buildings rather than borrowing funds to do such work (c) some of the City's UMB loan requirements have met with resistance from contractors and building owners and (d) some owners do not plan to comply with the City's UMB ordinance's requirements until required to do so by the City's designated deadline dates. The UMB ordinance categorizes UMBs into four categories based on level of risk. The compliance deadlines required by the City for UMBs to complete the necessary building retrofit work, by risk category, is as follows: Level 1 Risk - August 15, 1996; Level 2 Risk - February 15, 1998; Level 3 Risk - February 15, 2004; and Level 4 Risk - February 15, 2006.

4. According to Ms. Hayden, recent events, including a rebounding State economy and the 1994 Los Angeles earthquake, have made private bank loans more readily available for retrofitting buildings. Ms. Hayden advises that the Los Angeles earthquake caused banks to realize that

such loans are more secure when the buildings have been retrofitted. Ms. Hayden states that an informal telephone survey of 13 local banks by the UMB Loan Program staff along with discussions with prospective borrowers indicated that banks now often routinely require retrofitting as a condition of making a new building loan or refinancing an existing loan.

5. According to Ms. Hayden, if the current trend continues, owners of UMBs categorized as Level 3 Risk and Level 4 Risk will not comply with UMB ordinance requirements for obtaining the necessary building permits until shortly before the deadlines of February 15, 2002 and February 15, 2004, respectively as contained on the UMB ordinance previously approved by the Board of Supervisors. When all such deadlines have expired, Ms Hayden believes that the UMB loan demand will show increased activity.

6. Item 2, File 97-96-34 of this report is an ordinance amending the Administrative Code pertaining to the UMB Seismic Safety Loan Program. That proposed ordinance contains four technical amendments and one amendment pertaining to contractor hiring requirements pertaining to economically disadvantaged individuals.

Item 2 - File 97-96-34

Item: Ordinance amending Sections 66A.3, 66A.9, 66A.19, 66A.22, and 66A.23 of the San Francisco Administrative Code regarding permissible loan packagers, permissible life/safety improvement costs, payment of financial consultant fees, application of base wage requirements, application of prevailing wage requirements, and applicability of economically disadvantaged hire requirements.

Description: On November 3, 1992, the San Francisco electorate approved Earthquake Safety Loan Program General Obligation Bonds in the amount of \$350 million to provide funds for the seismic strengthening (retrofitting) of privately-owned Unreinforced Masonry Buildings (UMBs) against earthquakes. In February of 1994, the Board of Supervisors approved the issuance of \$350 million in such General Obligation bonds for the UMB Seismic Safety Loan Program (Seismic Safety Loan Program) and authorized the initial sale of \$35 million of these bonds (File 170-94-2).

The UMB Seismic Safety Loan Program is administered by the Office of the Chief Administrative Officer. The Seismic Safety Loan Program is responsible for providing financing (in the form of loans) for the seismic retrofit of UMBs for qualified property owners. The funding source for the administrative budget is the Seismic Safety Loan Fund from UMB bonds. Chapter 66A of the San Francisco Administrative Code defines the purpose, criteria, requirements, and other aspects of the Seismic Safety Loan Program.

Ms. Kelly Hayden, Program Administrator of the Seismic Safety Loan Program, reports that four of the five amendments to the Administrative Code contained in this proposed ordinance regarding the Seismic Safety Loan Program are technical rather than substantive in nature, and that one of the proposed amendments changes a restriction regarding the Loan Program. The proposed ordinance would amend the Administrative Code as follows:

Section 66A.3(1) defines the Loan Packager as a private lender(s) or financial consultant(s) as approved by the Program Administrator. As defined in Section 66A.11, the Loan Packager prepares applications for Seismic Safety Loans for submission to the UMB Seismic Safety Loan Committee. The Loan Committee is a five-member committee consisting of the Director of the Mayor's Office of Housing, the Program Administrator of the Seismic Safety

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Loan Program, and three persons expert in financial, real estate and construction costs. The proposed amendment changes the phrase "the loan packager *shall* be a private lender(s) or financial consultant(s)" to "*may* be a private lender(s) or financial consultant(s)" (emphasis added). Ms. Hayden reports that when this section of the Administrative Code was written, it was anticipated that the Seismic Safety Loan Program would have a high volume of loan applicants and that the Program would contract with loan packagers from the private sector. However, Ms. Hayden reports that due to low volume of loan applications, the Seismic Safety Loan Program has the capacity to perform this work in-house with existing staff. The proposed amendment would allow the work to be performed either by Seismic Safety Loan Program staff or by outside loan packagers.

Section 66A.9 defines the principal amount of a Seismic Safety Loan to include (a) seismic safety hard costs, which are directly required for the seismic strengthening, and (b) soft costs for the seismic strengthening, including architectural and engineering fees, loan and permit fees and closing costs. Under Section 66A.9(2), eligible UMB property owners may borrow an additional 25 percent of the loan proceeds amount to pay the costs of improvements to the property that would protect the life and/or safety of its occupants and/or to provide legally required disability access, that are above and beyond the scope of the seismic strengthening work. For example, under the existing Administrative Code, if a qualified property owner were to apply for a \$100,000 loan for seismic safety work, which included \$75,000 in "hard costs" and \$25,000 in "soft costs", the individual could borrow an additional \$25,000 from the Seismic Safety Loan Fund to complete additional life/safety or disability access work, for a total loan amount of \$125,000.

The proposed amendment would clarify that this 25 percent refers to 25 percent of the "seismic construction hard costs" rather to 25 percent of the "principal amount" (which includes soft costs). Using the same example, under the proposed amendment, the qualified property owner borrowing \$100,000 (\$75,000 in "hard costs" and \$25,000 in "soft costs") would be eligible to borrow an additional 25 percent of the \$75,000 in "hard costs" only, or \$18,750, for additional life/safety or disability access work, for a total loan amount of \$118,750. Ms. Hayden reports that the original intent of this section was that the additional loan amount available for life/safety or disability access should be 25 percent of the hard costs rather than the principal amount, and the proposed amendment would clarify the matter.

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Section 66A.17 defines the role and responsibilities of the Financial Consultant to the Seismic Safety Loan Program. The Financial Consultant is an outside contractor. Section 66A.17(3) currently states that the City “*shall* pay required fees to the Financial Consultant from the Bond Proceeds” (emphasis added). The proposed amendment to Section 66A.17(3) would change the “*shall*” to “*may*”. Ms. Hayden reports that this proposed amendment is a technicality, since some fees paid to the Financial Consultant are paid by borrowers’ application fees rather than by the City from bond funds.

Section 66A.19 currently requires all individuals performing work financed by a Seismic Safety Loan to be paid not less than \$9.00 per hour. The proposed amendments to Section 66A.19 adds the stipulation “Except in cases where prevailing wages are paid pursuant to Section 66A.20”. According to Ms. Hayden, this \$9.00 per hour figure was selected because it was equivalent to the wage received by an apprentice carpenter under collective bargaining agreements in San Francisco. However, Ms. Hayden reports that subsequent to the writing of the Administrative Code Section 66A.19, it was found that there is one apprentice position where the prevailing wage is less than \$9.00 per hour. Ms. Hayden notes that the proposed amendment to this section would allow borrowers to hire union contractors at prevailing wage, even if this wage were lower than \$9.00.

Section 66A.22 requires contractors financed by a Seismic Safety Loan to provide health coverage to employees and their dependents. The proposed amendments to Section 66A.22 adds the stipulation “Except in cases where prevailing wages are paid pursuant to Section 66A.20”. Ms. Hayden notes that, similar to Section 66A.19 above, this Section was intended to refer only to situations where prevailing union wages and accompanying health benefits are not provided. The proposed amendment would clarify the matter.

According to Ms. Hayden, the proposed amendment to **Section 66A.23** is the only substantive policy change contained in this proposed ordinance. This Section currently stipulates that borrowers shall require that their contractors performing work financed by the City’s Seismic Safety Loan Program funds hire economically disadvantaged individuals to comprise no less than 25 percent of each contractor’s total work force, measured in labor hours. Under the proposed amendment, this requirement would apply only in cases

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where the total amount of a Seismic Safety Loan is equal to or greater than \$200,000. For cases where the total amount of the loan is less than \$200,000, the proposed amendment states that "it shall be a *goal* that 25 percent of the contractors' *new hires* be economically disadvantaged individuals" (emphasis added). As defined in this Section, an economically disadvantaged individual is one who earns no more than 25 percent of median income for the San Francisco Metropolitan Statistical Area, as determined by the United States Department of Housing and Urban Development.

Comments:

1. According to Ordinance No. 225-92, approved by the Board of Supervisors, the UMB Retrofit Program requires that UMBs be seismically retrofitted, according to a timeline, based on risk, between August 15, 1996 and February 15, 2006. The Seismic Safety Loan Program is responsible for financing the seismic retrofit of UMBs for qualified property owners. The goal of the Seismic Safety Loan Program is to facilitate the seismic retrofit of UMBs as quickly as possible. The Budget Committee held a hearing on May 1, 1996 to consider the status of the Unreinforced Masonry Buildings (UMB) Retrofit Program and the UMB Seismic Safety Loan Program (File 200-96-3). According to Ms. Hayden, the Loan Program mailed approximately 250 loan applications to owners of UMBs, but had a response rate of only 12 percent.

2. As previously reported, Ms. Hayden believes that over 88 percent of the loan applications have not been returned to the City due to several factors which have decreased the demand for UMB loans including: (a) the increased availability of private loan funds; (b) the retrofitting of UMBs appears to have proven less costly than had been earlier projected, thereby permitting some building owners to pay cash to seismically strengthen their buildings rather than borrowing funds to do such work; (c) some of the City's UMB loan requirements have met with resistance from contractors and building owners; and (d) some owners do not plan to comply with the City's UMB ordinance's requirements until required to do so by the City's designated deadline dates.

3. According to Ms. Hayden, the proposed amendment to Section 66A.23 loosens the requirement regarding contractors' use of economically disadvantaged individuals by limiting the existing requirement to loans of \$200,000 or more, and establishing a less stringent requirement for loans of less than \$200,000. Ms. Hayden believes that this proposed amendment may address the concerns of UMB owners who have not responded to the Seismic Safety Loan Program.

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4. As previously noted, Ms. Hayden reports that four of the five proposed amendments contained in this proposed ordinance are technical in nature and make no substantive changes to the purpose or function of the Seismic Safety Loan Program. The proposed amendment to Section 66A.23, however, is a substantive change in the program requirements that is intended to attract additional loan applicants, according to Ms. Hayden. None of the proposed amendments to the Administrative Code would result in any additional costs to the City.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 3 - File 101-95-2.3

Department: Recreation and Park Department (RPD)

Item: Amending the Fiscal Year 1995-96 Annual Appropriation Ordinance to authorize sequestration of Stadium Naming Rights revenue for a new football stadium.

Description: The proposed amendment would establish a specific continuing project appropriation account for the exclusive purpose of budgeting revenue and expenditures related to planning and development activities for a new football stadium.

The ordinance specifies that all revenues under the City's Naming Rights Agreement from the San Francisco Forty Niners (49ers) football team, and "any other funds that the Board of chooses to appropriate for the planning and development of a new football stadium" would accrue to the continuing project appropriation account, and that interest earnings from such revenues would similarly be credited to the project appropriation.

In March, 1996, the Board of Supervisors approved a Naming Rights Agreement between the City, through the Recreation and Park Commission and the San Francisco 49ers. Under this agreement, the City's General Fund receives the following scheduled payments from the 49ers over the life of the agreement:

<u>Date</u>	<u>Payment Amount</u>
February 1, 1996.....	\$ 1.5 million
November 1, 1996	1.0 million
November 1, 1997	<u>1.4 million</u>
Total	\$ 3.9 million

Under the Naming Rights Agreement, the 49ers have also been granted two one-year options after the year 2000 and would pay the City \$900,000 for each option year.

In addition to the above, \$500,000 was received by the Recreation and Park Department for an Interim Naming Rights Agreement with the 49ers for the period September, 1995 through January, 1996. According to Mr. Phil Arnold, Deputy General Manager of the RPD, the Interim Naming Rights Agreement revenue is not intended to be committed to the purpose of the proposed subject continuing project appropriation in addition to the \$3.9 million in total revenues shown in the schedule above. The \$500,000 revenue received for the interim agreement is to be retained by the General Fund.

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All expenditures from the Stadium Naming Rights revenues dedicated to this project would be subject to Board of Supervisors appropriation approval in accordance with the Budget and Fiscal provisions of the Charter.

Comments:

1. Mr. Arnold reports that no specific expenditures have been identified at this time to conduct planning and development activities for the new football stadium. Accordingly, Mr. Arnold has suggested that, if this proposed ordinance is approved, such revenues, which amount to \$1.5 million at this time, should be reserved until proposed expenditures are submitted to the Board of Supervisors for approval.

2. The Interim Naming Rights Agreement that was executed by the Recreation and Park Commission, without Board of Supervisors approval for the 1995 football season (effective between September 1, 1995 and January 31, 1996) was awarded to the San Francisco 49ers without a formal competitive selection process. The current, long term agreement, was approved after a reported nationwide solicitation of 82 corporations that were identified as prospective bidders for stadium naming rights. However, the San Francisco 49ers were the only bidder who responded to this solicitation.

The initial long-term Naming Rights Agreement recommended to the Board of Supervisors by the Recreation and Park Commission would have resulted in the payment of \$3.5 million to the City by the 49ers with no payment for possessory interest taxes. The Board of Supervisors sent the initial proposed agreement back to the Recreation and Park Commission for further negotiation. The revised recommended Stadium Naming Rights Agreement provided for a \$3.9 million payment, or a \$400,000 increase over the initial agreement, for the term of the agreement, plus two one-year optional extensions for \$900,000 annually, and payment of up to \$39,000 annually toward any assessment of possessory interest taxes.

3. At the time the long-term Naming Rights Agreement was approved by the Board of Supervisors, the revenues from the agreement were designated for deposit in the City's General Fund. However, at that time, discussions were underway between the Mayor and the San Francisco 49ers for 3Com Park at Candlestick Point capital improvements in preparation for the 1999 Superbowl. As of the writing of this report, there has been no decision on whether the 1999 Superbowl will be held at 3Com Park at Candlestick Point, or at a new football stadium on some future date.

4. According to Mr. Nothenberg, the first expenditures to be requested from this project appropriation will be for the engagement of a consultant (or consultants) experienced in economics and land use issues. The consultant will be directed to study the potential for complimentary, non-football uses of a development project that would produce a revenue stream to support any contribution by the City towards the construction of a new football stadium.

5. The Budget Analyst has been informed that an amendment of the whole to this ordinance will be submitted at the May 29, 1996 Budget Committee meeting. This amendment would add renovation costs for the existing stadium (i.e., 3Com Park at Candlestick Point) as a permissible use of revenues sequestered by this continuing project appropriation.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

If the proposed ordinance is approved, the Stadium Naming Rights revenues appropriated to the continuing project should be reserved, pending submission of a detailed itemization of requested expenditures.

Item 4 - File 168-96-3

Department: Recreation and Park Department

Item: Resolution concurring with the general recommendations on the Park and Open Space Fund for fiscal year 1996-97, reserving approval or disapproval on specific acquisitions.

Description: The Park and Open Space Program, supported by the Park and Open Space Fund, was first established in 1973 under the provisions of Section 6.413 of the City's Charter. Section 6.413 imposed an annual tax of 2.5 cents per hundred dollars of assessed property valuation, to be set aside for the Park and Open Space Fund for a period of 15 years. Fiscal year 1989-90 constituted the 15th and last year of this program, which began in 1974. However, in November of 1988, San Francisco voters approved Proposition E, which extended the Open Space Acquisition and Park Renovation Fund an additional 15 years, from July 1, 1990 through June 30, 2005.

According to Section 6.413 of the Charter, not more than 40 percent of the Fund in any year can be used for maintenance of previously acquired properties. The remaining money (60 percent of the total Park and Open Space Fund) in the Fund must be allocated as follows: (1) at least 40 percent for acquiring and developing property; (2) at least 15 percent for renovation; (3) not more than 25 percent for maintaining property and recreational facilities acquired after FY 1990-91 for programs other than the After-School Recreation programs, and for administration; and (4) at least 20 percent for After School Recreation programs.

The Park and Open Space Program is administered by the Recreation and Park Department (RPD), with input from the Park and Open Space Citizens Advisory Committee. The General Manager of the RPD prepares an expenditure plan for annual allocation of the Open Space Fund on the basis of recommendations from the Park and Open Space Citizens Advisory Committee. The General Manager's Report containing this expenditure plan is then submitted to the Recreation and Park Commission and the City Planning Commission.

The proposed resolution would indicate the concurrence of the Board of Supervisors with the April 25, 1996, joint recommendations of the Recreation and Park Commission and the City Planning Commission to adopt the expenditure plan contained in the report of the General Manager of the Recreation and Park Department.

The Recreation and Park Department's proposed FY 1996-97 budget includes the following expenditures from the Open Space Fund:

	<u>Amount</u>	Percent of Total \$16,000,000 <u>Fund</u>	Percentage of Remainder (\$9,600,000) <u>of Fund</u>
Total Park and Open Space Fund	\$16,000,000	100.0%	
Maintenance of Previously Acquired and Developed Properties	<u>6,400,000</u>	40	
Remainder of Fund	<u>\$9,600,000</u>	<u>60%</u>	
Acquisition and Development	3,840,000	24	40%
Renovation	2,201,848	14	23
Administration	1,638,152	10	17
After School Program	<u>1,920,000</u>	<u>12</u>	<u>20.0</u>
Allocation of 1996-97 Non-Maintenance Budget	<u>\$9,600,000</u>	<u>60%</u>	<u>100.0%</u>

Comments:

1. Based on information outlined in the spending plan for the total Program Budget of \$16,000,000 the percentage of the Fund proceeds to be expended for each category of expenditures is in conformance with the requirements of the Charter provisions of Section 6.413.

2. The proposed resolution provides that the Board of Supervisors concurs with the joint recommendations of the Recreation and Park Commission and the City Planning Commission concerning proposed 1996-97 Open Space expenditures, with the reservation that the Board of Supervisors may approve or disapprove any specific

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Memo to Budget Committee
May 29, 1996

acquisitions for which funding might be provided in the
1996-97 Open Space budget.

Recommendation: Approval of the proposed resolution is a policy matter for the
Board of Supervisors.

Item 5 - File 101-95-86

Department: Recreation and Park Department (RPD)

Item: Supplemental appropriation ordinance appropriating \$80,000 from the General Fund Reserve for professional services in order to provide consulting services at the Recreation and Park Department to assist with the preparation of Federal Emergency Management Agency (FEMA) and State applications concerning storm damage for FY 1995-96.

Amount: \$80,000

Source of Funds: General Fund Reserve

Description: The storms that occurred in February, 1995 and in December, 1995 resulted in significant damage to City property, parks and facilities. Based on initial estimates submitted to the Office of Emergency Services (OES) by City departments effected by the storms, the Budget Analyst reported in January of 1996 that the estimated cost of repairing damage to City properties resulting from the December 1995 storms alone totaled nearly \$28 million. As of the writing of this report, the OES had not compiled a more current revised listing of the storm damage cost estimates.

In March of 1995, a President's Declaration of Major Disaster was issued with respect to the February 1995 storms, making the City eligible for reimbursement from the Federal Emergency Management Agency (FEMA) for up to 75 percent of allowable costs for storm damage repair and emergency efforts. The State will pay for the remaining 25 percent of allowable costs.

The Governor issued an Emergency Declaration with respect to the December 1995 storm. However, the Governor's Office of Emergency Services certified that the December 1995 storms were not of sufficient impact to warrant a request for Federal assistance. Therefore, the President has not issued a Declaration of Major Disaster for the December 1995 storm. As a result, reimbursement of up to 75 percent of the City's eligible costs will be paid by the State under the Natural Disaster Assistance Act, with the remaining costs to be paid by the City.

Mr. Phil Arnold of the Recreation and Park Department (RPD) estimates that RPD sustained approximately \$13.2 million in storm damage costs for repairs to Golden Gate

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Park, the City's golf courses and neighborhood parks during the February and December, 1995 storms. This cost estimate does not include damage to the Conservatory of Flowers, for which repair and reconstruction costs have been estimated in the range of \$12 to \$15 million. As such, the total estimated storm damage costs for RPD are between \$25.2 million and \$28.2 million.

The RPD is currently in the process of applying for reimbursement from FEMA for damage resulting from the February 1995 storms and from the State for damage resulting from the December 1995 storm. Thus far, RPD has filed a claim of \$9 million with FEMA for damage to the Conservatory of Flowers during both the February and December, 1995 storms. Additionally, Mr. Arnold advises that RPD will file an additional \$4.4 million in claims with FEMA for other damage resulting from the February, 1995 storms. The amount of claims to be filed with the State under the Natural Disaster Assistance Act by RPD for damage resulting from the December, 1995 storm has not yet been determined, according to Mr. Arnold.

According to Mr. Arnold, the applications for FEMA reimbursement are very technical and the documentation required to substantiate FEMA claims is considerable. In the summer of 1995, an outside consultant, David M. Griffith, Ltd., approached RPD with a proposal to assist in preparing FEMA applications for the February, 1995 storms. Mr. Arnold advises that the RPD consulted with the Controller's Office, which had previously contracted with David M. Griffith, Ltd., and with a second City official with expertise in processing FEMA applications (Mr. John Sucich of the Department of Public Works), regarding the contractor and the need to enter into such a contract. After receiving approval from the Civil Service Commission and the Purchasing Department, RPD entered into a personal services contract with David M. Griffith, Ltd. for the amount of \$49,999. David M. Griffith, Ltd. is not a certified MBE or WBE firm. David M. Griffith's hourly rate ranges between \$60 and \$175 per hour.

The source of funds for this contract, as certified by the Controller, and permitted under the Charter, was \$49,999 in budgeted funds transferred within RPD's FY 1995-96 budget. According to Mr. Arnold, this \$49,999 had originally been earmarked for materials, supplies and equipment for RPD's Urban Forestry Program. However, Mr. Arnold advises that the RPD decided to defer the purchase of such materials, supplies and equipment to a later date, given that RPD

considered applying for FEMA reimbursement of storm damage costs to be of greater importance at that time. In addition, Mr. Arnold further advises that some or all of the cost of consulting services related to processing the FEMA applications was also eligible for reimbursement from FEMA (see Comment No. 3).

The Budget Analyst notes that RPD therefore used funds originally budgeted for materials, supplies and equipment in its FY 1995-96 budget, as approved by the Board of Supervisors, and instead used such funds for a consulting services contract without obtaining the prior approval of the Board of Supervisors.

The contract explicitly states that "in no event shall the amount of this contract exceed \$49,999" and that "the City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification". The Attachment, as provided by RPD, is an excerpt from the contract with David M. Griffith, Ltd., which contains these provisions.

Based on a review of the invoices received to date by RPD from the contractor, the Budget Analyst determined that RPD has been billed \$108,559 for the period from July, 1995 through February, 1996, for a total of 1,024.25 hours at an average hourly rate of \$106 per hour. This amount of \$108,559 is \$58,560 or 117 percent more than the original contract amount of \$49,999. However, according to Mr. John Madden of the Controller's Office, additional funding of \$58,560 for the contract was not approved or certified by the Controller prior to incurring this additional obligation, as is required under the contract. Mr. Arnold advises that, of the \$108,559 in bills received, RPD has paid \$49,998.

The Budget Analyst notes that, as shown in the Attachment, the contract explicitly states that City employees are not authorized to offer or promise a contractor additional funding which would exceed the maximum amount of funding provided for in the contract, and that additional funding for the contract in excess of the maximum amount requires approval by the Controller. Furthermore, the contract also states that the City is not required to honor any offered or promised additional funding for a contract which exceeds the maximum provided for in the contract if the approval and certification by the Controller has not been obtained.

Mr. Arnold states that the FEMA applications for the February, 1995 storms are still not complete. Additionally,

RPD must undertake a separate application process in order to apply for reimbursement from the State for damage which occurred during the December, 1995 storms, which is not eligible for FEMA reimbursement. Mr. Arnold advises that RPD recently received a proposal from a second firm, Dimensions Unlimited, which is not a certified MBE or WBE firm, to complete the FEMA and State application process at an additional cost to RPD of \$36,000, based on an estimated 360 hours at \$100 per hour. Thus, the estimated total cost of consulting services needed to complete the FEMA and State application process for both the February and December, 1995 storms would be approximately \$144,559 (\$108,559 plus \$36,000), or an additional \$94,560 (189 percent) beyond the original budgeted amount of \$49,999.

The proposed supplemental appropriation ordinance would appropriate \$80,000 from the General Fund Reserve so that the RPD may complete the FEMA and State application process. According to Mr. Arnold, a source of funds for the remaining \$14,560 additional cost (\$94,560 less \$80,000) has not yet been identified.

Comments:

1. A Budget Committee hearing regarding the fiscal impact of the March and December 1995 storms was held on January 3, 1996. Following this hearing, a letter was prepared by the Clerk of the Board's Office for all department heads requesting that each department, with the assistance of OES, submit all documentation to the Controller for coordination of submission to the State and FEMA for reimbursement of eligible repair costs associated with the 1995 storms.
2. The Department of Public Works (DPW), which also sustained significant damage during the February and December 1995 storms, has one in-house Civil Service staff person working on a nearly full-time basis to handle the FEMA and State Natural Disaster Assistance applications for reimbursement of damage repair costs for DPW. This employee, Mr. John Sucich, handled the FEMA application process following the 1989 Loma Prieta earthquake and therefore has expertise in this area. According to Mr. Sucich, the RPD does not have any in-house staff with the expertise necessary to complete the FEMA and State application processes, and it is therefore appropriate that RPD should contract out for this service.
3. Because the RPD is permitted by FEMA and the State to apply for reimbursement of the direct costs of grant administration, a portion of the \$144,559 cost of consulting

services for RPD to complete the FEMA and State applications may be eligible for reimbursement by FEMA and the State. The portion of this \$144,559 cost that may actually be eligible for reimbursement depends on the amount of claims actually reimbursed to RPD by FEMA and the State and therefore cannot be determined at this time.

4. The OES advises that the City's General Fund will receive an additional ten percent of the amount of eligible claims for indirect costs. This amount for indirect costs depends on the amount of claims actually paid by FEMA and the State to RPD and therefore cannot be determined at this time.

5. If the proposed ordinance is approved by the Budget Committee, it should be amended to provide for ratification of action previously taken because of the obligations that have already been incurred.

6. In summary, the Budget Analyst notes that RPD incurred \$58,560 in obligations or 117 percent more than the original \$49,999 contract amount without receiving prior Board of Supervisors approval of a supplemental appropriation request or approval from the Controller, as required under the contract.

- Recommendations:**
1. If approved by the Budget Committee, the proposed ordinance should be amended to provide for ratification of action previously taken because of the obligations that have already been incurred.
 2. Approval of the proposed supplemental appropriation ordinance, as amended, is a policy matter for the Board of Supervisors.

WORK

The work to be done in providing the Recreation and Park Department with assistance in filing for reimbursement through FEMA for Late Winter Storm 1995 damages.

Whenever the words "as directed", "as required", "as permitted", or words of like effect are used, it shall be understood as the direction, requirement, or permission of the Recreation and Park Department. The words "sufficient", "necessary", or "proper", and the like, mean sufficient, necessary or proper in the judgment of the Recreation and Park Department. The words "approval", "acceptable", "satisfactory", or words of like import, shall mean approved by, or acceptable to, or satisfactory to the Recreation and Park Department, unless otherwise indicated by the context.

2. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the Charter of City. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year in the event funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

3. Term of the Agreement

Subject to Section 2, the term of this Agreement shall be from July 1, 1995 to June 30, 1996.

4. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

5. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Services to be Provided by Contractor," attached hereto and incorporated by reference as though fully set forth herein.

6. Compensation

Compensation shall be made in monthly payments on or before the 30th day of each month for work, as set forth in Section 5 of this Agreement, that the General Manager, in his or her sole discretion, concludes has been performed as of the 30th day of the immediately preceding month. In no event shall the amount of this contract exceed \$49,999. The breakdown of costs associated with this contract are provided for in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by Recreation and Park Department as being in accordance with this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

7. Guaranteed Maximum Costs

a. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by City ordinances governing emergency conditions, the City and County and its employees and officers are not authorized to request Contractor to perform services or to provide materials, equipment and supplies that are beyond the scope of the services, materials, equipment and supplies agreed upon in the contract unless the agreement is amended in writing and approved as required by law to authorize the additional services, materials, equipment or supplies. The City and County is not required to reimburse Contractor for services, materials, equipment or supplies that are provided by Contractor which are beyond the scope of the services, materials, equipment and supplies agreed upon in the contract and which were not approved by a written amendment to the agreement having been lawfully executed by the City and County.

c. The City and County and its employees and officers are not authorized to offer or promise to Contractor additional funding for the contract which would exceed the maximum amount of funding provided for in the contract for Contractor's performance under the contract. Additional funding for the contract in excess of the maximum provided in the contract shall require lawful approval and certification by the Controller of the City and County of San Francisco. The City and County is not required to honor any offered or promised additional funding for a contract which exceeds the maximum provided in the contract which requires lawful approval and certification of the Controller when the lawful approval and certification by the Controller has not been obtained.

d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

8. Method of Payment

Invoices furnished by Contractor under this Agreement must be in a form acceptable to Purchasing and Controller. All amounts paid by City to Contractor shall be subject to audit by City.

Payment shall be made by City to Contractor at the address stated hereinabove.

9. Submitting False Claims: Monetary Penalties

Any contractor, subcontractor or consultant who commits any of the following acts shall be liable to the City for three times the amount of damages which the City sustains because of the act of that contractor, subcontractor or consultant. A contractor, subcontractor or consultant who commits any of the following acts shall also be liable to the City for the costs, including attorney's fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim: (a) Knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval. (b) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City. (c) Conspires to defraud the City by getting a false claim allowed or paid by the City. (d) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City. (e) Is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

10. Disallowance

In the event Contractor claims or receives payment from City for a service, reimbursement for which is later disallowed by City or State of California or United States Government, Contractor shall promptly refund the disallowed amount to City upon City's request. At its option, City may offset the amount disallowed from any payment due or to become due to Contractor under this Agreement or any other Agreement.

Item 6 - File 101-95-40.1

Department: Chief Administrative Officer (CAO)
Convention Facilities Management Department

Item: Request for release for reserved funds in the amount of \$300,000 for the preliminary planning and design phase of a new Convention Center facility.

Amount: \$300,000

Source of Funds: Hotel Tax funds

Description: On March 26, 1996, San Francisco voters approved Proposition A, which authorized the City to issue Lease Revenue Bonds in an amount not to exceed \$157.5 million for land acquisition and construction of a new Convention Center facility to provide 300,000 square feet, in addition to the existing Moscone Center facility which has 600,000 square feet.

Prior to the March 26, 1996 election, the Board of Supervisors approved a supplemental appropriation ordinance (File 101-95-40) for preliminary project planning activities related to the new Convention Center facility, in an amount of \$466,000, and reserved a total of \$300,000 pending the outcome of the March 26, 1996 election. Given that the bond proposition was approved by San Francisco voters, the Convention Facilities Management Department is now requesting that the \$300,000 in reserved funds be released. The \$300,000 in reserved funds would be used for the following:

<u>Office Improvements</u>		\$15,000
<u>Consultant Services</u>		
Architect/Engineer	\$100,000	
Construction Management	60,000	
Operations Consultant	20,000	
Environmental Report Consultant	<u>20,000</u>	
Total Consultant Services		200,000

City Departments

Real Estate Department	\$15,000
City Attorney	35,000
Human Rights Commission	15,000
DPW (Site Surveyor used to determine height and elevations of land)	<u>20,000</u>

Total City Departments	<u>\$85,000</u>
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Total Requested Release of Reserved Funds	\$300,000
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Comments:

1. The \$15,000 budgeted for office improvements would be used for the purchase of office partitions, furniture and fixtures for project staff. According to Mr. Ray Fong of the CAO's Office, there is no available space within the CAO's Office for the additional project staff. As a result, the project staff would utilize floor space available at the Civic Auditorium and would not require any rent. The specific breakdown of these \$15,000 in requested reserved funds for office improvements would be used for purchasing file cabinets, a storage cabinet, a bookcase, desks and chairs for CAO project staff, and various consultants, construction contractor staff and other City staff that would be utilized at various times during the project. Upon project completion, the office furniture would be utilized at the new Convention Center facility. These items are specified on the Attachment.

2. Consultants Services, totaling \$200,000 would be used as follows:

The \$100,000 budgeted for the Architect/Engineer would be used for preliminary pre-construction design work on the project. Mr. Fong reports that it is anticipated that an architect will be selected on May 24, 1996. Mr. Fong estimates that the architectural and engineering expenses for the total project will be \$8.1 million, or approximately nine percent of the \$90 million estimated construction costs. Mr. Jack Moerschbaeher of the Conventions Facilities Management Department reports that the Department will provide the name of the contractor, the MBE/WBE status of the contractor and the hourly rates to the Budget Committee at its meeting on May 29, 1996. If this information is provided to the Budget Committee, then the Budget Analyst concurs that the \$100,000 reserved for the Architect/Engineer contract should be released.

The \$60,000 budgeted for construction management would be used to retain the services of a construction manager to review design decisions and report upon the cost effectiveness of the design during construction. Mr. Fong reports that a construction manager has not yet been selected. Therefore, the \$60,000 budgeted for the construction manager should continue to be reserved pending the selection of a contractor, MBE/WBE status, and finalized cost details.

The operations consultant (\$20,000) is the current operator at the Moscone Center Joint Venture, which consists of Spectacor Management Group/Thigpen, Ltd. Thigpen, Ltd. is a City-certified MBE firm. The joint venture would assist the architect/engineer with operational efficiency issues, such as the optimal location for elevators and meeting rooms. Spectacor Management Group/Thigpen, Ltd./joint venture would expend a total of 250 hours at an average hourly rate of \$80. The prime consultant utilized for the environmental report (\$20,000) would be OLMM, a City-certified MBE firm. OLMM would provide an environmental report related to transportation issues, such as the potential impact of pedestrians and vehicles caused by the new Convention Center facility. Mr. Fong reports that the DPW issues a Request for Qualifications (RFQ) annually in order to develop a list of consultants to be used on an as-needed basis. OLMM was selected from this DPW list of as-needed consultants. OLMM would provide 250 professional staff hours at an average hourly rate of \$80.

3. A total of \$85,000 is budgeted for the services of City Departments, consisting of the following:

The \$15,000 budgeted for the Real Estate Department (for 200 hours at \$75 per hour), would be used for assessing and valuing the property which will be purchased. The project site is Howard Street, between 4th Street and 5th Street. Currently, a surface parking lot is located at this site.

The \$35,000 budgeted for the City Attorney would be used for reviewing the real estate land purchase agreements, and for reviewing any related environmental documents (350 hours @ \$100 hour). Mr. Fong reports that the City Attorney also would review the Request for Proposal (RFP) for Architect/Engineer services, to ensure that the RFP questions do not preclude any potential respondents. In addition, the City Attorney would review the proposal

rating sheets and attend the interviews of the RFP respondents.

The \$15,000 budgeted for the Human Rights Commission (HRC) would be used for the HRC to review and develop the RFPs related to City MBE/WBE requirements, and to attend interviews with the architect, construction manager and other consultants (300 hours @ \$50 hour).

The \$20,000 budgeted for DPW staff to perform Site Surveyor work which would be used for determining site and sidewalk widths, grades and elevations which would be used during the design phase of the project. Mr. Fong reports that existing DPW Civil Service staff charge a lump sum amount of \$1,600 per day, for approximately 12.5 days of surveying work.

Recommendations: If the Convention Facilities Management Department provides the Budget Committee with the name of the Architect/Engineer, the MBE/WBE status of the contractor, and hourly rates, release a total of \$240,000, and continue to reserve \$60,000 for Construction Management, pending selection of the contractor, MBE/WBE status, and finalized cost details.

If the Architect/Engineer contractor data is not provided to the Budget Committee, release a total of \$140,000, and continue to reserve a total of \$160,000, consisting of the \$100,000 reserved for the Architect/Engineer contract and \$60,000 for Construction Management.

Description	Quantity	Price	Extension
4 Drawer Lateral File	3	\$ 349.95	\$ 1,049.85
4 Drawer Vertical File	4	\$ 319.95	\$ 1,279.80
60" Vertical Storage Cabinet	1	\$ 279.95	\$ 279.95
60" Vertical Bookcase	1	\$ 259.95	\$ 259.95
Desk/Conference Chair	8	\$ 863.00	\$ 6,904.00
60" Desk	5	\$ 319.95	\$ 1,599.75
48" Desk	5	\$ 279.95	\$ 1,399.75
Under Desk File Cabinet	4	\$ 209.95	\$ 839.80
Desk Height File Cabinet	4	\$ 219.95	\$ 879.80
Printer Stand	2	\$ 199.95	\$ 399.90
Total			\$ 14,892.55

Proposed Manufacturer:

Steelcase: Files, Bookcase, Desks, Printer Stand
Grahl/Harter: Chairs

Item 7 - File 170-96-4

Department: Chief Administrative Officer

Item: Resolution providing for the issuance of not to exceed \$41,730,000 aggregate principal amount of General Obligation Bonds (Asian Art Museum Relocation Project), including establishment of an initial series thereof in the aggregate principal amount of \$25,000,000 and designated as the City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project), Series 1996E; authorizing the execution, authentication and registration of said Bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

Amount: Authorizing the issuance of \$41,730,000 in General Obligation Bonds, Asian Art Museum Relocation Project, and establishing an initial series of these bonds, Series 1996E, in the amount of \$25,000,000.

Description: The proposed resolution would authorize the Chief Administrative Officer (CAO), City Controller, City Treasurer, and other City officials to take the necessary actions to issue up to \$41,730,000 in General Obligation bonds for relocation of the Asian Art Museum. The proposed resolution also authorizes City officials to establish an initial series of these bonds in the amount of \$25,000,000, to be designated Series 1996E. Item 8, File 170-96-5 of this report authorizes and directs the sale of the \$25,000,000 in initial Series 1996E bonds. The bond issue for the relocation of the Asian Art Museum was approved by the voters in the November 1994 election. The relocation project involves the seismic upgrade and renovation of the old Main Library building to make it suitable to serve as the Asian Art Museum, and provides for relocation of the Asian Art Museum's collection from its present site in Golden Gate Park into the renovated old Main Library building.

The Asian Art Museum Relocation Project bonds are to be issued and sold in several series up to the total principal amount of \$41,730,000. The general provisions of the bond issue, as provided for in the proposed resolution, are as follows:

- The bonds would be sold at an interest rate which could not exceed 12 percent per year.
- Bonds will be awarded to the bidder whose bid represents the lowest interest cost to the City.
- Property Taxes collected to redeem the bonds will be deposited in special fund accounts which would be created specifically for this purpose. Interest will be paid to bondholders semi-annually.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest payments.
- An official statement describing the proposed bonds to be issued is incorporated in the proposed resolution (File 170-96-4) for approval by the Board of Supervisors. The official statement would be available to all bidders for the bonds.

Comments:

1. Under the proposed resolution, the annual interest rate for the Asian Art Museum Relocation Project bonds could not exceed 12 percent. Ms. Stephanie Carlisle of the CAO's Office reports that if the bonds were sold at this time, they would probably be sold at an overall interest rate of approximately 6.5 percent.
2. Approval of the proposed resolution (File 170-96-4) would permit the issuance of the proposed bonds and provide for a tax levy to repay the bond debt. However, the sale of each specific series of bonds, and all expenditures from the bond proceeds would be subject to separate approvals by the Mayor and the Board of Supervisors through resolutions authorizing and directing the sale of specific series of bonds, and through supplemental appropriation ordinances. As noted above, Item 8, File 170-96-5 of this report is a resolution authorizing and directing the sale of an initial series of these bonds, Series 1996E, in the amount of \$25,000,000.

Recommendation: Approve the proposed resolution.

Item 8 - File 170-96-5

Department: Chief Administrative Officer

Item: Resolution authorizing and directing the sale of \$7,645,000 City and County of San Francisco General Obligation Bonds (Public Safety Improvement Projects 1989), Series 1996B; \$14,285,000 City and County of San Francisco General Obligation Bonds (Fire Department Facilities Project 1992), Series 1996C; \$42,300,000 City and County of San Francisco General Obligation Bonds (School District Facilities Improvements), Series 1996D; and \$25,000,000 City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project), Series 1996E; prescribing the form and term of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; approving the forms of Official Notice of Sale of Bonds and Notice of Intention to Sell Bonds; directing the publication of Notice of Sale and Notice of Intention to Sell Bonds; approving the form and execution of the official statement relating thereto; approving the form of the Continuing Disclosure Certification; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds.

Amount	<u>Series</u>	<u>Description</u>	<u>Amount</u>
	1996B	Public Safety Improvement Projects	\$7,645,000
	1996C	Fire Department Facilities Improvements	14,285,000
	1996D	School District Facilities Improvements	42,300,000
	1996E	Asian Art Museum Relocation Project	<u>25,000,000</u>
		Total General Obligation Bonds to be Sold	\$89,230,000

Description: The proposed resolution pertains to the sale of General Obligation Bonds which have been previously approved by San Francisco voters. The issuance of three of the four of these series of General Obligation Bonds (Series 1996B, Series 1996C, and Series 1996D) has been previously approved by the Board of Supervisors, and the issuance of the fourth series of General Obligation Bonds (Series 1996E) is provided for by a resolution under Item 7, File 170-96-4 of this report. The proposed resolution would authorize and direct the sale of all four of these series of General Obligation Bonds in the principal amounts shown in the above table. The proposed resolution also approves the form and terms of documents and official notices related to the sale, and

authorizes City officials to take various actions necessary to carry out the sale of the bonds.

In November of 1989, a total of \$59,700,000 in General Obligation Bonds (Public Safety Improvement Projects, 1990) was approved by the electorate for seismic and life safety improvements and repairs to various City-owned buildings. The City has previously sold \$52,055,000 in these bonds, leaving an unsold capacity under this bond issue of \$7,645,000. Under the proposed resolution (File 170-96-5), the final amount of \$7,645,000 in these bonds would be sold. The proceeds from the sale of the proposed \$7,645,000 in bond funds (Series 1996B) would be used for asbestos abatement and seismic repairs associated with the Asian Art Museum Relocation, and to pay costs associated with the sale of the Series 1996B bonds.

In November of 1992, a total of \$40,800,000 in General Obligation Bonds (Fire Department Facilities Improvements, 1992) was approved by the electorate for seismic improvements and other improvements to Fire Department facilities citywide. The City has previously sold \$26,515,000 in these bonds, leaving an unsold capacity under this bond issue of \$14,285,000. Under the proposed resolution (File 170-96-5), the final amount of \$14,285,000 in these bonds would be sold. The proceeds from the sale of the proposed \$14,285,000 in bond funds (Series 1996C) would be used for architectural and engineering services and construction in connection with the rehabilitation of approximately 18 Fire Department facilities and to pay costs associated with the sale of the Series 1996C bonds.

In June of 1994, a total of \$95,000,000 in General Obligation Bonds (School District Facilities Improvements) was approved by the electorate for seismic improvements and other improvements to facilities of the San Francisco Unified School District. The City has previously sold \$30,650,000 in these bonds. Under the proposed resolution (File 170-96-5), an additional \$42,300,000 would be sold, for a total outstanding amount of bonds after the sale of \$72,950,000 (\$30,650,000 plus \$42,300,000), and a remaining unsold amount after the sale of \$22,050,000. The proceeds from the sale of the proposed \$42,300,000 in bond funds (Series 1996D) would be used for architectural, engineering and construction costs for the repair and improvement of approximately 45 schools and to pay costs associated with the sale of the Series 1996D bonds.

In November of 1994, a total of \$41,730,000 in General Obligation Bonds (Asian Art Museum Relocation) was approved by the electorate for seismic improvements and other improvements to the old Main Library building in order to renovate the building as the new site of the Asian Art Museum, which is presently housed in a City-owned building in Golden Gate Park. Under the proposed resolution (File 170-96-5), an initial series of these bonds, in the amount of \$25,000,000 would be sold, leaving a remaining unsold amount after the sale of \$16,730,000. The proceeds from the sale of the proposed \$25,000,000 in bond funds (Series 1996E) would be used for design and construction of seismic improvements and for hazardous waste abatement at the old Main Library building and to pay costs associated with the sale of the Series 1996E bonds.

General provisions of the sale of the bond funds (Series 1996B, Series 1996C, Series 1996D, and Series 1996E) would be as follows:

- The sale of the bonds is tentatively scheduled to be held on June 26, 1996.
- Under the proposed resolution (File 170-96-5), the bonds would be sold at an interest rate which would not exceed 12 percent per year and will mature in the year 2006.
- Property taxes collected to redeem the bonds will be deposited in the special funds account which would be created specifically for this purpose.
- An official statement describing the proposed bonds to be issued, is incorporated in the proposed resolution for approval by the Board of Supervisors. The official statement would be available to all bidders for the bonds.
- Bonds will be awarded to the bidder whose bid represents the lowest interest cost to the City.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest payments.

Comments:

1. Under the proposed resolution, the annual interest rate for the bonds could not exceed 12 percent. However, Ms. Stephanie Carlisle of the Office of the Chief Administrative Officer, reports that if the bonds were sold today, the bonds would probably be sold at an overall interest rate of approximately 6.5 percent.

2. Ms. Carlisle estimates that with a 20 year term for the bonds and assuming an interest rate of approximately 6.5 percent the proposed sale of bonds in the total amount of \$89,230,000 would result in interest costs of approximately \$71,483,723, and a total debt service requirement of approximately \$160,713,723 over the life of the bonds. Over the 20 year period, this would result in an average debt service requirement of approximately \$8,035,686 per year.

3. Based on an interest rate of 6.5 percent, the proposed bond sale in the amount of \$89,230,000 would result in an increase in the Property Tax rate of approximately .0145 percent in 1996-97. At that rate, the owner of a house assessed at \$300,000 would pay approximately \$42.49 in additional Property Taxes annually due to the issuance of these bonds.

4. Ms. Carlisle states that the City's General Obligation bonding capacity, which is equal to three percent of the City's net assessed property value, was \$1,613,337,673 as of July 1, 1995. Ms. Carlisle advises that the amount of the City's outstanding General Obligation bonds at the present time is \$724,225,000, and the City's current available General Obligation bonding capacity is approximately \$889,112,673 (\$1,613,337,673 bonding capacity less \$724,225,000 in outstanding bonds). The proposed sale of bonds in the amount of \$89,230,000 would reduce the City's bonding capacity from \$889,112,673 to approximately \$799,882,673.

5. Ms. Carlisle advises that the cost of selling the bonds, including fees for private bond counsel and the services of the Chief Administrative Officer and City Attorney, are expected to be approximately \$400,000. A supplemental appropriation for this purpose will be submitted for approval by the Board of Supervisors at a later date.

6. Approval of the proposed resolution (File 170-96-5) would permit the sale of the proposed bonds. However, all future expenditure appropriations of the bond proceeds, including that for the bond issuance costs, would be subject to separate approval by the Mayor and the Board of Supervisors through appropriation ordinances.

Recommendation: Approve the proposed resolution.

Item 9 - File 170-96-3

- Note:** On May 21, 1996, the Public Utilities Commission submitted an Amendment of the Whole to this proposed resolution. This report is based on the Amendment of the Whole.
- Department:** Public Utilities Commission (PUC)
Water Department
- Item:** Resolution approving the issuance of San Francisco Water Revenue Bonds and affirming covenants contained in the indenture pursuant to which the bonds are issued.
- Amount:** Not to exceed \$145.0 million.
- Description:** 1. The \$145.0 million revenue bond authorization would be made up of two separate bond issuance's. A maximum of \$70 million of the \$145 million bond authorization would be for the purpose of refunding San Francisco Water Revenue bonds issued in 1991 (1991 Bonds) in order to save annual debt service costs. The proposed resolution directs the General Manager of the Public Utilities Commission to file a report, upon the approval of the Public Utilities Commission, with the Board of Supervisors setting forth the minimum savings in principal and interest payments that would result from the refunding of the 1991 Bonds.

The 1991 Bonds were sold at an average interest rate of 6.7 percent. Using present interest rate assumptions for Water Revenue Bonds (i.e. 6.0 to 6.25 percent) the City would not save on annual debt service costs after paying premiums to call the existing bonds and paying issuance costs for the refunding bonds. Under present market conditions therefore, the refunding bonds would not be sold. However, the PUC is requesting this authorization so that they would be prepared to issue such refunding bonds quickly if future interest rates improve.

2. The remaining \$75.0 million of the requested bond issuances (\$145.0 million less \$70.0 million for refunding bonds) would be for the purpose of: reconstruction and replacement of existing water supply, storage and distribution system facilities of the PUC; and acquisition and construction of buildings, fixtures or equipment which are deemed to be necessary to comply with an order of a duly constituted State or Federal authority having jurisdiction over the operations of the Water Department. The resolution provides that the \$75.0 million bond issuance would be authorized at an interest rate not to exceed 8.0%. Attachment 1 to this report provides a list of the capital projects to be funded by the \$75.0 million bond issuance.

3. A recent compliance order issued by the State of California Department of Health Services (CDHS) concerning the operation of the Water Department's Sunol Valley Water Treatment Plant (SVWTP) in Alameda County will compel the Water Department to take specific actions, and incur significant capital expenditures related to the operations of the SVWTP. The SVWTP is a water treatment and filtration plant, located in the Town of Sunol in Alameda County, that treats water from local reservoirs operated by the Water Department and from the Hetch Hetchy water transmission system. The water is then delivered to retail agencies and municipalities that serve customers in Alameda, San Mateo and Santa Clara Counties. The actions compelled by the CDHS compliance order include:

- the submission of a plan and schedule by July 1, 1996, for implementation of a System Control Automated Data Acquisition system (SCADA, a system to provide real time, system wide, water quality and supply information and control functions for operations and treatment personnel); and,
- the funding and completion of various capital improvement projects relevant to the operations of the SVWTP specifically, and the management of emergency discharges from all Water Department treatment and storage facilities system-wide.

This proposed resolution specifically calls for a finding that the capital projects to be financed by this bond issuance include the capital projects that are necessary to comply with the State CDHS Compliance Order.

Attachments 2 and 3 to this report provides a narrative description of each project that would be funded under the \$75.0 bond issuance. Attachment 3 specifically provides a description of the two capital projects related to the CDHS compliance order that would be partially funded over the next two years.

The SCADA project would receive \$11.6 million and the SVWTP project would receive \$18.5 million from these bond funds over the next two years. However, preliminary estimates of the total costs of these two projects are \$279.9 million (\$21.4 million for SCADA over the next four years, and \$258.5 million for SVWTP over the next six years). Therefore, an estimated \$249.8 million for two major projects would remain unfunded even after the proposed issuance of \$75.0 million in revenue bonds for additional capital projects. (See Comment 1, below).

4. The summary of uses of the \$75.0 million in bond funds for capital projects are as follows:

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	Millions
Capital Projects (see Attachment 1)	\$ 67,374,269
Debt Service Reserve (50% of one year's debt service)	2,797,606
Interest Fund Deposit *	3,515,625
Bond Issuance Costs	<u>1,312,500</u>
Total	\$ 75,000,000

* Bond proceeds set aside to make the first interest payment to bond holders during Fiscal Year 1996-97.

Estimated total expenditures for all projects listed in the attachments to this report is \$67,766,900, although the PUC's estimate of funds that will be available for Capital Projects is \$392,631 less (\$67,374,269 as shown above). The amount of actual funds available shown above is based on an assumed interest rate of 6.25% for the Water Revenue Bonds, which would be sold by February, 1997. At present, according to the PUC, their financial advisors estimate that they could sell 30 year bonds at 6.0%. Any deficit between the actual net funding that will be realized by the sale of the Water Revenue Bonds and the funding needed for the capital projects will be made up by other Water Department funding sources.

The impact of issuing approximately \$75.0 million in additional bonds for various capital projects will be to increase annual debt service for the Water Department by approximately \$5.6 million over a 30-year repayment period. This level of increased expenditure requirements will cause water rates to increase by 5.1% in 1997-98 in order to fund average debt service requirements alone. Such an increase would result in a \$7.44 per year (\$0.62 per month) increase in the cost of water for the average single family residence in the City. This estimate includes no savings from potential refunding of the 1991 Bonds that would also be authorized by the proposed resolution.

5. The proposed resolution also requests Board approval of a supplemental indenture that includes covenants reaffirming the City's intention to appropriate all revenues necessary for the punctual payment of the principal and interest for revenue bond redemption. This supplemental indenture is necessary because, under the new City Charter, which takes effect on July 1, 1996, existing Charter Section 6.407-1, which specified the order for which Water Department revenues are to be appropriated, will be moved from the Charter to an ordinance. Without this supplemental indenture therefore, the City's credit rating for Water Department Revenue Bonds could be adversely affected.

DOCUMENTS DEPT.

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BOARD OF SUPERVISORS
BUDGET ANALYST

MAY 29 1996

SAN FRANCISCO
PUBLIC LIBRARY

Comments: 1. The estimated \$249.8 in capital needs that remains unfunded for the SCADA and SVWTP projects compelled by the State CDHS compliance order are only a portion of the capital projects that will need to be funded by the Water Department over the next ten years. As reported in the Budget Analyst's Management Audit of the San Francisco Water Department (June, 1994), the Department does not have a long range, comprehensive capital plan that details the substantial requirements for capital improvements and facilities maintenance. Hence, the management audit concluded that there would likely be continued upward pressure on water rates for several years. The Water Department is still working on completing such a long range capital plan.

Until that plan, and a financing plan, is completed in final form, the actual impact on water rates remains unknown at this time. However, the Water Department estimates that expenditures for major capital improvement projects to average \$100 million for the next five years in addition to annually recurring facilities maintenance projects. Among the capital projects anticipated to be included in the long term capital improvement plan are Sunol Valley Water Treatment Plant Improvements (discussed in this report - \$256 million); Seismic Retrofit Projects (\$144 million), the Irvington Tunnel Alternatives Project (\$108 million); the Recycled Water Program (\$76 million) and the Hetch Hetchy Water Treatment Project (\$24 million). The cost of funding the Water Department's long term capital improvement program using bonds may require water rates to be increased 7.5 percent annually for the next ten years. An annual increase of that amount would double water rates over the ten year period.

2. According to Section 7.300 of the City's Charter, revenue bonds cannot be issued for any purpose unless the revenue bonds are first approved by a majority of the voters, except, as permitted under Section 7.312(d) and Section 7.313(d) of the City's Charter, the Water Department and Hetch Hetchy, respectively, may issue revenue bonds for reconstruction and replacement of existing facilities without compliance with the revenue bond voter approval requirements of Section 7.300 of the Charter, when authorized by resolution adopted by three-fourths of all the members of the Board of Supervisors.

3. The proposed revenue bonds will not constitute any indebtedness for the City's General Fund and reimbursement of the proposed revenue bonds will be paid solely out of the revenues from the Water Department.

4. Once the bonds are sold, appropriation of the bond funds for the specific projects to the Water Department or Hetch Hetchy would require further approval of the Board of Supervisors.

5. On May 15, 1996, the Budget Committee disapproved a proposed rate increase of 9.4% for the City's retail customers. The PUC is now preparing a rate increase package that would increase retail water rates by between 7.3% and 7.6% for submission to the Board of Supervisors. Both the original rate proposal that was rejected by the Budget Committee, and the new proposal that will be submitted to the Board of Supervisors assume that this proposed bond issuance will be approved.

- Recommendation:**
1. Approve the supplemental indenture that includes covenants reaffirming the City's intention to appropriate all revenues necessary for the punctual payment of the principal and interest for revenue bond redemption.
 2. Approve the issuance of up to \$70 million in bonds for the purpose of refunding the 1991 Bonds for purposes of attempting to reduce bond interest and redemption costs.
 3. Approval of the proposed issuance of up to \$75.0 million in Water Revenue bonds for capital projects is a policy matter for the Board of Supervisors.

WATER DEPARTMENT PROPOSED RENEWAL AND REPLACEMENT PROJECTS

Project No.	Project Title	Year 1	Year 2
174	Bay Division Pipeline #1 & 2 Caisson Repair	160,000	1,175,000
162	Tesla Portal Building Seismic	200,000	840,000
150	Town of Sunol Water System	739,000	0
642	Meter Replacement Out Program	500,000	400,000
130	Alameda Creek Diversion Dam	372,000	0
107	Cathodic Protection	650,000	610,000
618	Mortar Line Feeder Mains	65,000	30,000
119	Bay Division Pipeline #1 & 2 Trestle Repair	3,161,000	2,086,000
125	Seismic Upgrade of Bay Division Pipelines	1,490,000	0
165	Equipment Seismic Anchorage	2,210,000	1,310,000
112	Crystal Springs Pipeline #1	8,500,000	1,500,000
626	Castlewood Reservoir	1,215,000	0
633	Bernal Heights Distribution System	200,000	200,000
179	Bay Division Pipeline #1 & 2 Protective Coatin	330,000	0
637	Replace & Ballast University Mound Pipe	30,000	450,000
638	Modifications To Lake Merced Pump Station	465,000	600,000
144	Replace Chemical Storage Tanks	63,000	17,000
169	Sunol Operations Master Plan	80,000	20,000
124	Bay Division Pipeline #1 & 2 Expansion Joints	96,800	0
146	Bay Division Pipeline #1 & 2 Repair Walkways	115,000	0
167	Repair Sunset Supply	277,100	0
111	Lower Crystal Springs	0	7,510,000
	Total	20,918,900	16,748,000

4. The summary of uses of the \$75.0 million in bond funds for capital projects are as follows:

	<u>Millions</u>
Capital Projects (see Attachment 1)	\$ 67,374,269
Debt Service Reserve (50% of one year's debt service)	2,797,606
Interest Fund Deposit *	3,515,625
Bond Issuance Costs	<u>1,312,500</u>
Total	\$ 75,000,000

- * Bond proceeds set aside to make the first interest payment to bond holders during Fiscal Year 1996-97.

Estimated total expenditures for all projects listed in the attachments to this report is \$67,766,900, although the PUC's estimate of funds that will be available for Capital Projects is \$392,631 less (\$67,374,269 as shown above). The amount of actual funds available shown above is based on an assumed interest rate of 6.25% for the Water Revenue Bonds, which would be sold by February, 1997. At present, according to the PUC, their financial advisors estimate that they could sell 30 year bonds at 6.0%. Any deficit between the actual net funding that will be realized by the sale of the Water Revenue Bonds and the funding needed for the capital projects will be made up by other Water Department funding sources.

The impact of issuing approximately \$75.0 million in additional bonds for various capital projects will be to increase annual debt service for the Water Department by approximately \$5.6 million over a 30-year repayment period. This level of increased expenditure requirements will cause water rates to increase by 5.1% in 1997-98 in order to fund average debt service requirements alone. Such an increase would result in a \$7.44 per year (\$0.62 per month) increase in the cost of water for the average single family residence in the City. This estimate includes no savings from potential refunding of the 1991 Bonds that would also be authorized by the proposed resolution.

5. The proposed resolution also requests Board approval of a supplemental indenture that includes covenants reaffirming the City's intention to appropriate all revenues necessary for the punctual payment of the principal and interest for revenue bond redemption.

Comments: 1. The estimated \$249.8 in capital needs that remains unfunded for the SCADA and SVWTP projects compelled by the State CDHS compliance order are only a portion of the capital projects that will need to be funded by the Water Department over the next ten years. As reported in the Budget Analyst's Management Audit of the San Francisco Water Department (June, 1994), the Department does not have a long range, comprehensive capital plan that details the substantial requirements for capital improvements and facilities maintenance. Hence, the management audit concluded that there would likely be continued upward pressure on water rates for several years. The Water Department is still working on completing such a long range capital plan.

Until that plan, and a financing plan, is completed in final form, the actual impact on water rates remains unknown at this time. However, the Water Department estimates that expenditures for major capital improvement projects to average \$100 million for the next five years in addition to annually recurring facilities maintenance projects. Among the capital projects anticipated to be included in the long term capital improvement plan are Sunol Valley Water Treatment Plant Improvements (discussed in this report - \$256 million); Seismic Retrofit Projects (\$144 million), the Irvington Tunnel Alternatives Project (\$108 million); the Recycled Water Program (\$76 million) and the Hetch Hetchy Water Treatment Project (\$24 million). The cost of funding the Water Department's long term capital improvement program using bonds may require water rates to be increased 7.5 percent annually for the next ten years. An annual increase of that amount would double water rates over the ten year period.

2. According to Section 7.300 of the City's Charter, revenue bonds cannot be issued for any purpose unless the revenue bonds are first approved by a majority of the voters, except, as permitted under Section 7.312(d) and Section 7.313(d) of the City's Charter, the Water Department and Hetch Hetchy, respectively, may issue revenue bonds for reconstruction and replacement of existing facilities without compliance with the revenue bond voter approval requirements of Section 7.300 of the Charter, when authorized by resolution adopted by three-fourths of all the members of the Board of Supervisors.

3. The proposed revenue bonds will not constitute any indebtedness for the City's General Fund and reimbursement of the proposed revenue bonds will be paid solely out of the revenues from the Water Department.

4. Once the bonds are sold, appropriation of the bond funds for the specific projects to the Water Department or Hetch Hetchy would require further approval of the Board of Supervisors.

5. On May 15, 1996, the Budget Committee disapproved a proposed rate increase of 9.4% for the City's retail customers. The PUC is now preparing a rate increase package that would increase retail water rates by between 7.3% and 7.6% for submission to the Board of Supervisors. Both the original rate proposal that was rejected by the Budget Committee, and the new proposal that will be submitted to the Board of Supervisors assume that this proposed bond issuance will be approved.

Recommendation: 1. Approve the issuance of up to \$70 million in bonds for the purpose of refunding the 1991 Bonds for purposes of attempting to reduce bond interest and redemption costs.

2. Approval of the proposed issuance of up to \$75.0 million in Water Revenue bonds for capital projects is a policy matter for the Board of Supervisors.

**WATER DEPARTMENT
PROPOSED RENEWAL AND REPLACEMENT PROJECTS**

Project No.	Project Title	Year 1	Year 2
174	Bay Division Pipeline #1 & 2 Caisson Repair	160,000	1,175,000
162	Tesla Portal Building Seismic	200,000	840,000
150	Town of Sunol Water System	739,000	0
642	Meter Replacement Out Program	500,000	400,000
130	Alameda Creek Diversion Dam	372,000	0
107	Cathodic Protection	650,000	610,000
618	Mortar Line Feeder Mains	65,000	30,000
119	Bay Division Pipeline #1 & 2 Trestle Repair	3,161,000	2,086,000
125	Seismic Upgrade of Bay Division Pipelines	1,490,000	0
165	Equipment Seismic Anchorage	2,210,000	1,310,000
112	Crystal Springs Pipeline #1	8,500,000	1,500,000
626	Castlewood Reservoir	1,215,000	0
633	Bernal Heights Distribution System	200,000	200,000
179	Bay Division Pipeline #1 & 2 Protective Coatin	330,000	0
637	Replace & Ballast University Mound Pipe	30,000	450,000
638	Modifications To Lake Merced Pump Station	465,000	600,000
144	Replace Chemical Storage Tanks	63,000	17,000
169	Sunol Operations Master Plan	80,000	20,000
124	Bay Division Pipeline #1 & 2 Expansion Joints	96,800	0
146	Bay Division Pipeline #1 & 2 Repair Walkways	115,000	0
167	Repair Sunset Supply	277,100	0
111	Lower Crystal Springs	0	7,510,000
	Total	20,918,900	16,748,000

**WATER DEPARTMENT
PROPOSED STATE MANDATED PROJECTS**

Project No.	Project Title	Year 1	Year 2
127	Installation of SCADA System	4,600,000	7,000,000
186	Sunol Valley Water Treatment Improvements	3,500,000	15,000,000
	Total	8,100,000	22,000,000

WATER DEPARTMENT
PROPOSED BOND FUNDED PROJECTS

<u>Proj. No.</u>	<u>Project Title</u>	<u>Year 1</u>	<u>Year 2</u>
174	<u>Bay Division # 1 & 2 Caisson Repair</u> The metal building on top of the caisson carrying Bay Division Pipelines Nos. 1 and 2 across the bay at Dumbarton Straight is rusting and falling apart. The building protects valves and piping that connect the submarine Bay Crossing pipelines to pipelines on the pipe bridge. Rusted building siding material contains asbestos. Concrete surfaces are spalled. Handrails have deteriorated to the point of being unsupported and are extremely dangerous. This project will correct and repair the above problems.	160,000	1,175,000
162	<u>Tesla Portal Building Seismic Work</u> Tesla Portal chlorine station is the primary disinfection station fortreating Hetch Hetchy water. The building must be able to withstand the seismic activity for the region in order to insure there is no disruption to the disinfection of Hetchy water. The existing chlorine building at Tesla Portal has been determined to be seismically inadequate and needs to be replaced.	200,000	840,000
150	<u>Town of Sunol Water System</u> In order to comply with requirements of the State Department of Health Services, major improvements to the town of Sunol water system are being addressed by this project. Funding from the past two fiscal years, has been used to replace the existing two wooden storage tanks, installation of a booster pump station, and replacement of approximately 1,700 feet of pipeline. Funds requested for 1996-97 will be used to replace the remaining 2,070 feet of pipeline. This will complete the upgrading of the Town of Sunol water system.	739,000	0
642	<u>Meter Replacement Program</u> The initial meter replacement program will address the 5/8" meters that are over 25 years old and those that have passed the greatest total volumes of water. This program will also allow the department to upgrade any undersized meters presently in the system. Costs will cover labor and administrative expenses to increase meter replacement to approximately 7,000 per year.	500,000	400,000

WATER DEPARTMENT
PROPOSED BOND FUNDED PROJECTS

<u>Proj. No.</u>	<u>Project Title</u>	<u>Year 1</u>	<u>Year 2</u>
130	<u>Alameda Creek Diversion</u> The Alameda Creek Diversion Dam diverts water from upper Alameda Creek to Calaveras Reservoir. The scope of work for this project includes replacement of the severely corroded sluice gates and modification of supports, replacement of guard rails, installation of a safety cable system in the trash rack area, installation of flood lights and installation of a new ventilation system in the diversion tunnel under the dam crest.	372,000	0
107	<u>Cathodic Protection</u> This is a continuing project for the design and installation of cathodic protection systems to minimize or eliminate corrosion on water transmission pipelines. If not addressed, electrolysis will damage the pipelines and extensive repairs or replacement will be required. Detection of corrosion problems at an early date will permit corrective action that will extend the useful life of the water transmission system.	650,000	610,000
618	<u>Mortar Line Feeder Mains</u> Mortar lining the inside of existing, old large-diameter feeder mains reduces friction losses and thus increases the carrying capacity of the mains. Relining also stops corrosion of the inside of the steel pipes. CDD has completed the mortar lining of those pipes which were identified as needing protection. For 1996-97, the remainder of the in-City transmission system will be analyzed to determine which additional large diameter mains will need to be included in the mortar lining program.	65,000	30,000
119	<u>Bay Division Pipelines #1 & 2 Trestle Repair</u> This project addresses the repair of the deteriorated trestle supports that carry Bay Division Pipelines Nos. 1 and 2 across the marshy areas of the East and West Bay. These timber trestle supports are 60 to 70 years old and have reached the end of their useful life. There are nearly 1,000 such supports in need of repair.	3,161,000	2,086,000

WATER DEPARTMENT
PROPOSED BOND FUNDED PROJECTS

<u>Proj. No.</u>	<u>Project Title</u>	<u>Year 1</u>	<u>Year 2</u>
125	<u>Seismic Upgrade of Bay Division P/L Nos. 1 & 2</u> As a result of an engineering study on the Bay Division Pipelines where they cross the Hayward fault, the Water Department decided that the Bay Division Pipelines need to be able to survive the Maximum Credible Earthquake (MCE). It was also decided to seismically upgrade the BDPL Nos. 1 and 2 as a first priority. The funding requested for 1996-97 will address the preparation of the design plans for seismic rehabilitation of BDPL # 1 & 2.	1,490,000	0
165	<u>Equipment Seismic Anchorage</u> The Water Department owns many facilities that were designed and constructed under outdated seismic building codes. These facilities include tanks, buildings, retaining walls, and other structures that pose a threat in the event of an earthquake both to SFWD personnel as well as the public. Failure of such facilities would also likely result in the loss of major portion of the water supply and transmission system. This project will determine the detailed needs of such structures to bring them up to current codes and will subsequently fund the construction of the seismic upgrades.	2,219,999	1,310,000
112	<u>Crystal Springs Pipelines #1 Replacements</u> Crystal Springs Pipeline No. 1 (CSPL #1) was built in the 1880's and has outlived its useful life. Replacement of CSPL #1 is critical to assure the supply of water to San Francisco. This project will replace approximately 13,300 feet of existing pipe with new steel pipe. The requested funds are for construction and inspection.	8,500,000	1,500,000
626	<u>Castlewood Reservoir Replacement</u> The existing 240,000 gallon reservoir at Castelwood was cited by the State Department of Health Services with many violations, which will require either repair or replacement of the reservoir. Previously appropriated funds are being used for design. The funds requested for 1996-97 are for construction of a new reservoir.	1,215,000	0

WATER DEPARTMENT
PROPOSED BOND FUNDED PROJECTS

<u>Proj. No.</u>	<u>Project Title</u>	<u>Year 1</u>	<u>Year 2</u>
633	<u>Bernal Heights Distribution System</u> Three neighborhoods in the Bernal Heights area have long suffered from an inadequate water distribution system, poorly-built streets, and deficiencies in other utility systems. A proposal to redevelop this area, led by the Department of City Planning and the San Francisco Redevelopment Agency, ultimately resulted in a master plan to replace and upgrade the existing infrastructure. The Water Department proposes to make a contribution to the project by improving the water system. About 2/3 of the water mains to be installed will replace existing unacceptable mains. The remainder will be new main extensions in areas where there are no water mains.	200,000	200,000
179	<u>Bay Division Pipeline # 1 & 2 Protective Coating</u> The Department proposes to remove the existing coating tar/mortar coatings of the Bay Division Pipelines #1 and #2 at the Irvington Pump Station which have deteriorated exposing much of the bare metal and causing corrosion damage. The work scope of this proposed project includes a considerable amount of clearing and grubbing required to obtain access to the pipelines, repair of the leaky joints, removal of the deteriorated coating, preparation of the pipelines surfaces, and application of new protective coatings.	330,000	0
637	<u>Replace & Ballast University Mound Pipe</u> The two University Mound feeder mains cross under a bridge of the Interstate 280 Freeway, west of the Alemany interchange. The pipes are supported on a concrete saddle, which has no anchorage for movement that may be caused by an earthquake. A portion of one pipe, approximately 300 feet in length, will be replaced due to its corroded condition. Both pipes will then be anchored to the saddle, and covered with sand to ballast them against movement during an earthquake.	30,000	450,000
638	<u>Modifications to Lake Merced Pump Station</u> Lake Merced Pump Station serves more than 60% of the population of San Francisco with potable water.	465,000	600,000

WATER DEPARTMENT
PROPOSED BOND FUNDED PROJECTS

<u>Proj. No.</u>	<u>Project Title</u>	<u>Year 1</u>	<u>Year 2</u>
	Monitoring of the entire City Distribution Water System, 18 pump stations, 11 reservoirs, and eight storage tanks are from this station. This facility has been in service continuously since 1903 and is still the Westside Emergency Operations Center for City Distribution. Several older buildings need improvements to allow continued occupation and operation. Infrastructure improvements will allow the station to continue to house operations staff, emergency equipment, operating SCADA controls, all reservoir underdrain alarm systems, City line flow meters, pressure monitoring equipment, emergency vehicles, and generators.		
144	<u>Replace Chemical Storage Tanks at Polhemus</u>	63,000	17,000
	Four 5,000 gallon non-metallic tanks at Polhemus Fluoride Station hold hydrofluorosilicic acid used for the prevention of dental cavities. The concentration of the material is 21% to 24% and is extremely corrosive. The tanks have been repaired twice and patched numerous times. Tank #3 has developed another leak, creating an unsafe condition, and will be taken out for repairs. The structural integrity of the tanks is questionable and have been recommended for replacement.		
169	<u>Sunol Operations Master Plan</u>	80,000	20,000
	The purpose of this project is to provide a master plan that integrates a new facility for the Alameda operations staff at Sunol with restoration of public access to the Sunol Temple, an Alameda County landmark. The object is to provide public recreational facilities away from primary watershed and reservoir sites, promote the importance of water to the San Francisco Bay Area, educate the public on water and watershed issues, and comply with ADA requirements while minimizing interference with the operational activities based on Sunol.		
124	<u>Bay Division Pipelines # 1 & 2 Expansion Joints</u>	96,800	0
	This project is to rehabilitate the expansion joints on the bay Division Pipelines Nos. 1 and 2 at key locations. The expansion joints are now deteriorating because they have exceeded their recommended life.		

WATER DEPARTMENT
PROPOSED BOND FUNDED PROJECTS

<u>Proj. No.</u>	<u>Project Title</u>	<u>Year 1</u>	<u>Year 2</u>
	The ultimate failure of these joints will create major leaks and unplanned extended shutdown of two of the critical water supply lines to the City and the Suburban water users. The requested funding levels are for the construction phase on the east and the west Division Pipelines 1 and 2.		
146	<u>Bay Division Pipelines # 1 and 2 Repair Walkways</u>	115,000	0
	The walkways alongside the Bay Division Pipelines No. 1 and 2 between the Newark Valve House and Ravenswood Valve House have deteriorated over the years and are currently in need of replacement. Some walkways have been damaged and/or deteriorated to the point that they could fall if used by SFWD personnel. In addition, there are no guardrails along the walkways as required by OSHA. Due to the sensitive environmental nature of the site, all future work on the pipelines must be done from the walkways when feasible. Currently, the walkways are not strong enough to safely support workers and their equipment.		
167	<u>Repair Sunset Supply Pipelines at Kaiser Hospital</u>	277,100	0
	In September 1992, a leak occurred on the Sunset Supply Pipeline behind Kaiser Hospital in South San Francisco. Subsequent investigation revealed extensive corrosion damage to the pipeline, a 60-inch diameter steel pipe. Excavation and repair work was pursued by Water Department crews. The extent of the damage and the amount of work necessary to complete repairs are such that Water Department crews would be overwhelmed and other critically needed pipeline work on the transmission system would need to be delayed. This project will provide for the complete repair of the pipeline.		
111	<u>Lower Crystal Springs Dam</u>	0	7,510,000
	This project has been funded in past years to comply with the directive of the State Division of Safety by Dams (DSOD) not to operated Crystal Springs Reservoir at the historic elevation of 8 feet above spillway crest unless and until the dam has been renovated such that it can safely pass the "Probable Maximum Flood". This loss of storage amounts to 2.5 billion gallons of water. The project has progressed		

WATER DEPARTMENT
PROPOSED BOND FUNDED PROJECTS

Proj. No. Project Title

Year 1

Year 2

into final design, and involves a joint agreement with San Mateo County, who is replacing the bridge on top of the dam with a new bridge. Final design is nearing completion. Construction of the improvements to the dam will be done under the same contract as the replacement of the bridge San Mateo County, currently scheduled for the spring of 1997.

WATER DEPARTMENT PROPOSED BOND FUNDED PROJECTS

STATE-MANDATED

<u>Proj. No.</u>	<u>Project Title</u>	<u>Year 1</u>	<u>Year 2</u>
127	<u>Installation of SCADA System</u>	4,600,000	7,000,000
<p>The ability to obtain real time operation data from the water traision system is critical for the efficient operation of the system. The Supervisory Control Data Acquisition (SCADA) System, includes data and voice communications, facility management, GIS and maintenance and inventory management systems. The use of the SCADA system will enable SFWD to have centralized control and monitor the system's performance, perform problem analysis, adjust system operational modes for peak efficiency, maneuver pumping schedules to reduce energy costs, delay capital replacements costs and protect SFWD-owned facilities.</p>			
186	<u>Sunol Valley Water Treatment Improvements</u>	3,500,000	15,000,000
<p>Water delivered from the Sunol Valley Water Treatment Plant (SVWTP) failed to meet the surface water treatment plant performance requirements found in Chapter 17 of Title 22, California Code of Regulations during the month of March 1995. The State of California Department of Health Services (DHS) issued Citation No. 02-04-95C-002, which required the SFWD to conduct an independent third-party evaluation of the SVWTP. The review, performed by a team of experts in the area of water supply and treatment, identified the need for major capital improvements at the SVWTP. In February 1996, DHS issued Compliance Order No. 02-04-96C-001 directing that the PUC, among other things, make major improvements in the treatment capability of SVWTP. The PUC has developed the program to implement the capital improvements identified for SVWTP.</p>			

Item 10 - File 101-95-81

Departments: Department of Public Health (DPH)
Community Health Services (CHS)
San Francisco General Hospital (SFGH)

Item: Supplemental appropriation ordinance appropriating \$63,841 from the General Fund Reserve; appropriating and rescinding \$557,667 in Tobacco Tax revenues and expenditures to comply with State guidelines for Tobacco Tax Funds; and reappropriating \$201,685 in Tobacco Tax revenues for permanent salaries at San Francisco General Hospital, for a total appropriation of \$823,193.

Amount:	\$ 63,841	DPH (General Fund Reserve)
	557,667	Reallocation (AB 75 Tobacco Tax Funds)
	<u>201,685</u>	SFGH Operating Fund (AB 75 Tobacco Tax Funds)
	\$ 823,193	Total Funds Appropriated and Reallocated

Source of Funds: Increased Revenues and Rescinded Expenditure Appropriations by Fund

General Fund

General Fund Reserve	\$ 63,841
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State AB 75 Tobacco Tax Fund

Increased California Healthcare for Indigents Program (CHIP) Revenues from State	\$ 45,430
Reappropriate existing CHIP Revenues from Various Project Appropriations	246,536
Rescind Various Project Expenditure Appropriations	<u>265,701</u>
Subtotal - Tobacco Tax Fund	\$ 557,667

San Francisco General Hospital Operating Fund

Reappropriation of State AB 75 Tobacco Tax Funds	\$ <u>201,685</u>
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Total Sources	\$ 823,193
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Summary of Uses: Revenue Shortfalls and Increased Expenditure Appropriations by Fund

General Fund

Increased Management Information Services Expenditures - CHS	\$ 39,301
Restore Revenue Shortfall	<u>24,540</u>
Subtotal - General Fund	\$ 63,841

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State AB 75 Tobacco Tax Fund

Reappropriate Revenues to Various CHIP Fund	
Project Appropriations	\$ 246,536
Reappropriate Funds to Various Project Expenditure	
Appropriations	<u>311,131</u>
Subtotal - Tobacco Tax Fund	\$ 557,667

San Francisco General Hospital Operating Fund

Increased Expenditures for Permanent	
Miscellaneous Salaries	\$ <u>201,685</u>

Total Uses **\$ 823,193**

Description:

Each year the State allocates a portion of Proposition 99/Assembly Bill (AB) 75 Tobacco Tax revenues to counties in order to fund the California Healthcare for Indigent Program (CHIP), which provides health care services to the indigent population. San Francisco's current FY 1995-96 CHIP allocation is \$8,971,844. Recently, the State increased San Francisco's CHIP allocation by \$45,430, from \$8,971,844 to \$9,017,274 due to increased Tobacco Tax revenues. The receipt of this \$45,430 is contingent upon a reallocation of San Francisco's current distribution of CHIP monies in accordance with State guidelines. Below is a description of the proposed supplemental appropriation ordinance, summarized by funding source.

Tobacco Tax Fund

The proposed supplemental appropriation ordinance would (a) appropriate \$45,430 in new CHIP revenues from the State; (b) rescind \$246,536 in existing CHIP revenues from various project appropriations; (c) and reduce various project expenditure appropriations, for a total reappropriation of expenditures funded from Tobacco Tax revenues of \$557,667.

The net effect of the above changes is summarized in the following table:

<u>Line Item</u>	<u>Sum of Proposed Increases in Various CHIP Fund Accounts</u>	<u>Sum of Proposed Reductions in Various CHIP Fund Accounts</u>	<u>Net Change</u>
Revenues			
Tobacco Tax Fund	<u>\$291,966</u>	<u>\$246,536</u>	<u>\$45,430</u>
Expenditures			
Professional Services	\$74,567	\$3,749	\$70,818
Medical Services Contract	0	202,533	(202,533)
Revenue Transfer to SFGH	228,855	27,170	201,685
Revenue Transfers to County	<u>7,709</u>	<u>32,249</u>	<u>(24,540)</u>
Subtotal - Expenditures	<u>\$311,131</u>	<u>\$265,701</u>	<u>\$45,430</u>

According to the Department of Public Health (DPH), the net changes reflected in the table above would have the following service impacts:

- Increased funding of \$70,818 would become available for an existing fiscal intermediary services contract with Managed Care Solutions, Inc. (formerly Medicus) in order to pay for FY 1995-96 claims processing and payment services performed by this contractor. According to Ms. Monique Zmuda of DPH, this reallocation of CHIP funds is necessary because the contract with Managed Care Solutions, Inc. is currently underfunded due to a clerical error by DPH.
- Reduced funds of \$202,533 for CHIP private hospital and physician programs, in accordance with State guidelines. According to Ms. Zmuda, this would not result in any service impacts but would merely reappropriate funds to projects with relatively higher funding needs at this time.
- Increased funding of \$201,685 for San Francisco General Hospital (SFGH) for the provision of indigent medical care, in accordance with State guidelines. According to Ms. Zmuda, these funds would be used to partially offset a budgetary deficit in SFGH's permanent salaries account due to the need for greater nurse staffing resulting from SFGH's currently relatively high patient population.
- The Tobacco Tax revenue overhead contribution to the City's General Fund would be reduced by \$24,540 as a result of the proposed reallocation of CHIP funds in order to comply with State guidelines.

General Fund

The proposed supplemental appropriation ordinance would appropriate \$63,841 from the General Fund Reserve in order to (a) restore the \$24,540 revenue shortfall resulting from the previously noted reduction in the Tobacco Tax revenue overhead contribution to the General Fund; and (b) provide \$39,301 in funding to Community Health Services (CHS) for a management information systems project.

The \$39,301 in funding for CHS would pay for the administrative costs of providing 15 existing personal computers at the AB 75 (Tobacco Tax) Project and Emergency Medical Services (EMS) Agency offices, located at 1540 Market Street, with access to the central computer systems at 101 Grove Street and 1380 Howard Street. According to Ms. Zmuda, these computers and related equipment are necessary in order to provide the 1540 Market Street offices with access to the City's accounting system, the on-line FAMIS system, electronic mail, the State-mandated Medically Indigent Cost Reporting System (MICRS) and other database reporting systems. Of the total project budget of \$45,421, \$6,120 would be funded by existing funds in DPH's FY 1995-96 budget and \$39,301 would be funded by the proposed supplemental appropriation ordinance.

A breakdown of the \$45,421 budget is as follows:

Local Area Network (LAN) Development Costs

Includes software, memory and disk upgrades,
various hardware and installation costs \$15,415

Various Hardware and Software

Includes two personal computers (PC), one laser
printer, 15 PC network cards, Microsoft Office,
Lotus cc:Mail and Organizer and NT
Network Client software packages 17,600

Subtotal \$33,015
Sales Tax (8.5%) 2,806
Total One-time Costs \$35,821

On-going LAN/Telecommunications Maintenance

Annual cost for wiring, LAN hardware and software
maintenance by DPH's MIS Office 9,600

Total Project Cost \$45,421

San Francisco General Hospital Operating Fund

Ms. Zmuda advises that SFGH's budget is based on an average population at SFGH of 184 patients at any given time. However, Ms. Zmuda advises that SFGH's average population has been over 200 patients, thereby resulting in higher than anticipated revenues and expenditures. SFGH is currently facing a budgetary shortfall of \$1,122,835 in permanent salaries because of the need for higher nurse staffing at SFGH in order to accommodate these additional patients. The proposed supplemental appropriation ordinance would reappropriate \$201,685 in CHIP revenues to the SFGH Operating Fund in order to provide funds to partially offset this deficit. The table below, based on information provided by DPH, shows the SFGH's current budget for permanent salaries, the year-to-date expenditures and the projected deficiency in permanent salaries.

Current FY 1995-96 Budget	Expenditures through 3/31/96	DPH's Total	
		FY 1995-96 Projected Expenditures	Projected Deficiency
\$126,566,844	\$96,123,013	\$127,689,679*	(\$1,122,835)

* This amount is based on the assumption that salary expenditures per pay period have declined and will continue to decline due to positions being held vacant and the downward reclassification of certain positions by DPH.

Of the projected deficiency of \$1,122,835 in permanent salaries, the proposed supplemental appropriation ordinance would provide \$201,685, thereby leaving a remaining deficit of \$921,150 in permanent salaries. According to Ms. Zmuda, this remaining deficit of \$921,150 would be paid for with existing surplus revenues resulting from the higher than anticipated patient population at SFGH.

Recommendation: Approve the proposed supplemental appropriation ordinance.

Item 11 - File 97-96-24

Department: Department of Public Health (DPH)

Item: Ordinance amending the Administrative Code by amending Section 16.6-10 thereof, adding certain organizations to the Membership List of the Department of Public Health.

Description: The proposed ordinance would amend the Administrative Code, Section 16.6-10 to authorize membership in the following 29 organizations:

<u>Department of Public Health</u>	<u>Annual Membership Fee</u>
American Association of Nursing Executives	\$300
American Dietetic Association	130 *
American Systems Management Association	100
Association of Professionals in Infection Control & Epidemiology	85 *
Association of Reproductive Health	100 *
California Association of Homes and Services for the Aging	2,995**
California Conference of Local AIDS Directors	50
California Conference of Local Directors of Maternal, Child and Adolescent Health	100 *
California Conference of Local Health Officers	No Fee**
California Dietetic Association	No Fee *
California Healthcare Association	75,060**
California Reproductive Health Association	300 *
County Alcohol and Drug Program	
Administrators Association of California	1,320**
Emergency Medical Directors Association of California	100
Emergency Medical Services Agency Administrator of California	100
Employee Assistance Program Professional Association	251
Hospital Council of Northern and Central California	9,800 *
National Association of County and City Health Officials	1,000**
National Association of Physician Hospital Organizations	320 *
National Computer Security Association	300
National Fire Protection Association	95 *
National Health Care for the Homeless Council	2,000

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<u>Department of Public Health</u>	<u>Annual Membership Fee</u>
National Health Lawyers Association	195 *
Northern California Oracle Users Group	260
Oracle Developer Programme	395
Planned Parenthood Affiliates	50
SafetyBeltSafe U.S.A.	40 *
San Francisco Community Clinic Consortium	No Fee
West Bay Hospital Conference	<u>1,327**</u>
Total	\$96,773***

* The DPH is currently a member of these 11 organizations, and has been paying membership fees. However, Ms. Sarah Ecker of the DPH advises, these 11 organizations have not been listed in DPH's Membership List in Section 16.6 of the Administrative Code.

** Ms. Ecker advises that these organizations are included in the proposed ordinance to reflect name changes of the organizations which have occurred since the organizations were initially added to the Administrative Code. Therefore, Ms. Ecker advises, approval of the proposed ordinance would delete the old names from the Administrative Code, and add the current names to the Administrative Code.

*** The total Annual Membership Fees of \$96,773 for the 29 organizations, include (a) \$3,906 for 12 new memberships, (b) \$11,165 for 11 memberships that are currently funded by the DPH, but are not included in the Administrative Code, and (c) \$81,702 for six current memberships that are included in the proposed ordinance to reflect the name changes of these organizations.

Comments:

1. Ms. Ecker advises that of the 29 organizations proposed to be added to the DPH's membership list, (a) 12 of the organizations are new, and are not currently funded by the DPH, (b) 11 of the organizations currently receive funding from the DPH, but are not included in the Administrative Code, and (c) six of these organizations are being added to the Administrative Code to reflect changes in the names of the organizations. The DPH currently pays membership fees to these six organizations.

2. Ms. Ecker advises that the DPH has proposed deleting a total of 33 organizations, of which six are being deleted to reflect a change in the name of the organization. The

Attachment provided by the DPH provides a list of the deleted organizations.

3. Ms. Ecker advises that in FY 1995-96, the total budgeted cost for all of DPH's 37 memberships was \$180,291. Ms. Ecker advises that the DPH has requested an amount of \$186,871 in FY 1996-97 for membership dues, which represents an increase of \$6,580, or 3.6 percent. The total amount of \$186,871 includes the \$96,773 for the 29 memberships. However, as noted above, out of the total of \$96,773 listed above, \$3,906 is for 12 new memberships which the Budget Analyst will review in the FY 1996-97 budget.

4. Ms. Ecker advises that one organization is incorrectly listed as "SafetyBeltSale U.S.A." The correct name is "SafetyBeltSafe U.S.A." Therefore, the proposed ordinance should be amended to reflect the correct title of the organization as "SafetyBeltSafe U.S.A."

- Recommendations:**
1. As noted in Comment No. 4, amend the proposed ordinance to correct the spelling of the name of one of the organizations from "SafetyBeltSale U.S.A." to "SafetyBeltSafe U.S.A."
 2. Approve the proposed ordinance as amended.

**Department of Public Health
Proposed Deletions from the Administrative Code**

American College of Hospital Administrators
American College of Physicians
American Correctional Health Services
American Medical Association
American Psychiatric Association
American Society for Hospital Materials Management
American Trauma Society
Bay Area County Alcohol Programs
California Association of AIDS Agencies
California Association of County Drug Administrators
California Association of Homes for the Aging
California Association of Hospitals Admitting Managers
California Association of Hospitals and Health Services
California Association of Nutrition Directors for the Elderly
California Association of Rehabilitation Facilities
California Conference of Local Health Directors
California County Collectors Association
California Society of Municipal Finance Officers
Council of Teaching Hospitals
Council of Urban Health Providers
County Alcohol Program Administrators Association of California
Hospital and Community Services of the American Psychiatric Association
National AIDS Network
National Association for City Drug Coordination
National Council of Community Mental Health Centers
National Environmental Health Association
National Organization for Victims Assistance
North American Association of Alcoholism Programs
San Francisco Hospital Association
The HealthCare Forum
U.S. Conference of City Health Officers
West Bay Hospital Association
Western Association of Hospitals

Items 12 and 13 - File 101-95-84 and File 102-95-21

Department: Assessor's Office

Item: Item 12 - File 101-95-84 Ordinance amending the 1995-96 Annual Appropriation Ordinance, Assessor's Office, by appropriating \$656,083 of AB 818 State Loan Revenue, \$373,261 of prior Assessor's system project surplus and \$2,302,886 from a General Fund reserve (established from FY 1994-95 one-time accounting adjustment) to a project to provide an Integrated Property Assessor-Controller-Tax Collector system (INPACT) including salaries and fringe benefits for two new staff positions, equipment purchase, and professional services, with the intent that the General Fund be paid back \$1,300,000 from additional State Loan Revenue over the next two years.

Item 13 - File 102-95-21 Ordinance amending Ordinance No. 256-95, 1995-96 Annual Salary Ordinance, Assessor's Office, reflecting the creation of two new positions; one 1821 MIS Manager, and one 1819 MIS Specialist III.

Amount: \$3,332,230

Source of Funds:	State Department of Finance loan under AB 818	\$656,083
	Surplus funds, Assessor's Office	373,261
	General Fund reserve established FY 1994-95	2,302,886
	TOTAL	\$3,332,230

Description: The Office of the Assessor, Controller, and Tax Collector are proposing to develop and install a computer database system, to be known as the Integrated Property Assessor-Controller-Tax Collector system (INPACT), to enhance and streamline Property Tax collections. The first proposed ordinance (File 101-95-84) would appropriate \$3,332,230 to provide funding for two new positions, equipment, professional services, and services of the Controller's Information Services Division (ISD) to establish the INPACT system. The second proposed ordinance (File 102-95-21) would amend the FY 1995-96 Annual Salary Ordinance to establish two new positions in the Assessor's Office associated with the installation and management of the INPACT system.

Currently, Property Taxes in San Francisco are administered using a computer and filing system dating from the 1950s and 1960s. According to Mr. Verne Walton of the Assessor's Office, this system is no longer able to meet the needs of the Assessor, Controller and Tax Collector for effective administration and collection of Property Taxes. The

inadequacy of the current system has been documented in a number of audits, and it has been recommended that a new computer system be acquired. A task force consisting of staff members from the Office of the Assessor, Controller, and Tax Collector has been meeting to develop specifications for the INPACT system. A Request for Proposal (RFP) to purchase and install the system has been issued, and the task force has selected Easy Access Inc. as the provider of the system, based on an adjusted bid amount of \$2,286,952. Easy Access Inc. is not a City-certified MBE/WBE, however, Mr. Walton advises that Easy Access Inc. is in the process of enlisting qualified MBE/WBE sub-contractors. A list of the bidders on this RFP, together with their bid amounts and the MBE/WBE status of the bidders, is included as Attachment I.

The proposed supplemental appropriation would provide funds for the purchase and installation of the system including all associated hardware and software and a five-year maintenance service agreement for the system, and for ongoing maintenance and operating costs, including the cost of the two new MIS positions in the Assessor's Office, for a period of two years following approval of the proposed ordinance. A detailed budget for the INPACT project is included as Attachment II.

The two new positions which are requested for the Assessor's Office for installation and operation of the INPACT system are as follows:

<u>Number and Classification</u>	<u>FTE</u>	<u>Annual Salary at the Top Step</u>
1821 MIS Manager	1	\$72,897
1819 MIS Specialist III	1	61,439

On an annual basis, the salary cost at the top step of the proposed two new positions is \$134,336 and the fringe benefit cost is approximately \$29,554, for an overall annual personnel cost at the top step of \$163,890.

Funds for the proposed appropriation are available from the following sources;

- The Assessor's Office has applied for and has been granted State loan funds under AB 818 in the amount of \$3 million, to be used to enhance Property Tax assessments in San Francisco. The State loan funds will be received in installments of approximately \$1 million each in 1996, 1997, and 1998. Under the proposed ordinance, an amount of \$656,083 in these funds would be appropriated immediately

for the INPACT project. In addition, an amount of \$1,300,000 for the INPACT project will be reimbursed to the City's General Fund through payments of \$650,000 each in 1997 and 1998 using AB 818 funds as they are received from the State. Mr. Walton advises that these amounts are based on the City's loan agreement with the State, which specifies that approximately 65 percent of the total amount of the AB 818 loan funds will be expended for the INPACT system.

- An amount of \$373,261 is available from carryover surplus funds which were previously budgeted by the Assessor's Office for development of a new property tax system, but which were unspent when development of an earlier proposed system was discontinued in FY 1991-92.
- An amount of \$2,302,886 is available from a previously established General Fund reserve. According to Mr. John Madden of the Controller's Office, this reserve was established in FY 1994-95 with revenues derived from a one-time accounting adjustment which allowed the Controller to book Property Tax revenues when such revenues were received rather than when they were remitted to the State. As noted above, of this amount, \$1,300,000 would be returned to the General Fund over the next three years as the Assessor's Office receives AB 818 loan funds from the State Department of Finance.

Budget:

A summary budget for the proposed appropriation (File 101-95-84), for a two year period is shown below. Further budget details are shown in Attachment II, provided by the Assessor's Office.

Personnel

Assessor's Staff Salaries	\$268,672	
Assessor's Staff Fringe Benefits	59,108	
*Project Management (non-City staff)	<u>300,000</u>	
Sub-total		\$627,780

Controller's ISD

Software upgrades, ongoing technical support	200,000
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System Purchase and Installation

Easy Access Inc. contract cost	2,286,952	
Other equipment and upgrades	<u>217,498</u>	
Sub-total		<u>2,504,450</u>

TOTAL		\$3,332,230
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* See Comment No. 2

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Comments:

1. As noted above, addition of the two new MIS positions associated with the INPACT system will result in an annual cost for salaries and benefits of \$163,890 at the top step. Mr. Walton advises that these positions will be needed for operation and maintenance of the INPACT system on an ongoing basis, and that after the State AB 818 funds expire in 1998, the cost of the positions would be included in the Assessor's regular annual General Fund budget, subject to review and approval by the Board of Supervisors.
2. As shown in the summary budget above, an amount of \$300,000 over the two year period of the proposed appropriation is budgeted for contract project management. Mr. Jim Sorenson of the Controller's Office advises that this item represents an estimate of the cost of consulting services to manage the INPACT project. The Assessor and the Controller are working through the Purchaser's Office to select a consultant for these services, however, as of the writing of this report a consulting contract had not yet been finalized. Therefore, the Budget Analyst recommends that the amount of \$300,000 for Professional Services be reserved, pending a report to the Budget Committee regarding the selection of a consultant, and the hours, hourly rates, and the MBE/WBE status of the consultant.
3. The \$3 million in AB 818 funds which are to be used to fund \$656,083 of the INPACT project in FY 1995-96, and to reimburse the General Fund an amount of \$1,300,000 in future years, are provided to the City as an interest-free loan from the State Department of Finance. These funds are repaid through the Assessor's Office adding increased assessed value to the Property Tax roll, thereby increasing Property Tax revenues. The Assessor's Office projects that the activities funded with the AB 818 funds will, over the next three years, increase the assessed value on San Francisco's Property Tax roll by \$2.0 billion, which will generate additional Property Tax revenues of \$20 to \$22 million annually. Mr. Walton advises that under the terms of the AB 818 loan, the Assessor's Office will report annually to the State Department of Finance on its success in increasing assessed value in the City, and that receipt of the approved loan funds in each year of the three year period is contingent on the Assessor's performance. Mr. Walton notes that if the State determines that the Assessor's Office does not successfully repay the AB 818 loan funds through adding assessed value to San Francisco's Property Tax roll, the City is required to repay the loan from other sources. Under such circumstances, credit for repayment of a portion of the loan

would be given for the amount of assessed value that had been added to the Property Tax roll through the Assessor's work.

4. Mr. Walton advises that the Assessor's Office is required to make its first report to the State on its progress in adding assessed value to San Francisco's Property Tax roll in March of 1997, based on assessment work conducted through December of 1996. Because of the limited time available to the Assessor's Office between now and December 1996 in which to demonstrate success in increasing the City's assessed property value, the Assessor's Office is proposing to proceed at this time with purchasing the INPACT equipment and services, and with hiring the two new MIS positions described above, following approval of the proposed ordinances.

5. The title of the proposed ordinance should be amended to correct a clerical error which shows the amount of the Assessor's surplus project funds which are to be appropriated for the INPACT project as \$373,673. The correct amount, as shown in the body of the legislation and as provided by the Controller's Office, is \$373,261.

- Recommendations:**
1. Item 13 - File 101-95-84 Amend the proposed ordinance reserving \$300,000 for Professional Services in accordance with Comment No. 2 above.
 2. Item 13 - File 101-95-84 Amend the proposed ordinance for a clerical error in accordance with Comment No. 5 above.
 3. Item 13 - File 101-95-84 Approve the proposed ordinance as amended.
 4. Item 14 - File 102-95-21 Approve the proposed ordinance.

City and County of San Francisco

Assessor's Office

DORIS M. WARD
ASSESSOR

May 23, 1996

Mr. Harvey Rose
Budget Analyst
1390 Market Street, Suite 1025
San Francisco, CA 94102

Attention: Ms. Peg Stevenson

Dear Ms. Stevenson:

In response to the RFP distributed by the city to seek potential vendors who would provide an automated assessment roll, tax billing and collection system, the city received and reviewed three proposals in the vendor selection process.

In addition to Easy Access Inc., the firm the city is now negotiating with on contractual issues, the following firms submitted proposals and bids for the project:

<u>Firm</u>	<u>Bid</u>	<u>MBE/WBE Status</u>
Cole-Layer-Trumbull	\$ 822,000	*
LKJ Associates	\$2,441,853	Unknown

* The initial proposal provided no information but subsequent inquiries suggest that the firm of Systems Support Technologies may be participating as the MBE partner.

Sincerely,

A handwritten signature in cursive script that reads "Doris M. Ward".

DORIS M. WARD
Assessor

DMW:bi

Assessor's Integrated Property System Budget

Budget Summary

(1)	<u>Year One</u>	<u>Year Two</u>	<u>TOTALS</u>
ONE TIME COSTS			
Licenses (2)	\$271,350	\$271,350	\$542,700
Installation (2)	\$276,096	\$276,096	\$552,192
User Training(2)	\$30,000	\$30,000	\$60,000
Hardware(3)	\$425,643	\$0	\$425,643
Software(3)	\$173,915	\$0	\$173,915
AS400 Specialists and an Analyst(7)	\$300,000	\$300,000	\$600,000
PC and LAN Upgrades(10)	\$0	\$150,000	\$150,000
Sub-total	\$1,477,004	\$1,027,446	\$2,504,450
ON GOING COSTS			
ISD support(5)	\$440,000	\$440,000	\$880,000
ISD charges(6)	\$27,021	\$57,021	\$84,042
Hardware maintenance(3)	\$0	\$19,332	\$19,332
Software support(2)	\$0	\$73,284	\$73,264
Department Staffing(4)	\$313,890	\$313,890	\$627,780
OMP(8)	\$100,000	\$100,000	\$200,000
Sub-total	\$880,911	\$1,003,507	\$1,884,418
Ongoing Maintenance (9)	\$0	(\$1,058,638)	(\$1,056,638)
COSTS TOTAL	\$2,357,915	\$974,315	\$3,332,230

5/23/96

TOTAL P.02

Item 14 - File 101-95-87

Department: Department of Public Works (DPW)

Item: Ordinance appropriating \$50,000 to a Capital Project for Mission Street Lighting, rescinding \$50,000 of surplus funds from Gas Tax Funds.

Amount: \$50,000

Source of Funds: Surplus Gas Tax Funds from a completed street resurfacing project.

Description: Ms. Tina Olson of the DPW advises that in 1995, three community planning workshops were convened by residents and merchants of the Mission District, who concluded that the inadequate level of nighttime lighting on Mission Street was a significant safety issue for pedestrians and transit users along Mission Street.

Ms. Olson advises that the purpose of the Mission Street Lighting Project would be to purchase and install 80 pedestrian level street lamps on Mission Street between 16th Street and 24th Street to (1) create a safer environment for pedestrians and transit users on Mission Street, by providing greater illumination, and (2) enhance the aesthetic image of Mission Street's retail area, in order to increase pedestrian traffic and transit ridership.

Ms. Olson advises that the 80 pedestrian street lamps would be installed on 80 existing street light poles along Mission Street between 16th Street and 24th Street. However, the pedestrian street lamps would be installed at a level lower than the existing standard street lights, which would therefore provide greater illumination on the sidewalk and the street. Ms. Olson advises that the exact height of the pedestrian street lamps has not yet been determined.

The total budget for the Mission Street Lighting Project is \$500,000, including \$50,000 which is the subject of the proposed supplemental appropriation request, and \$450,000 which would be funded from a request pending before the Board of Supervisors to accept and expend Federal grant funds in the amount of \$450,000.

Budget:

Mission Street Lighting Project

	<u>Grant Funds</u> (Pending Funding request)	<u>Local Match</u> (Subject of this request)	<u>Total</u>
DPW-Design Services			
5240 Electrical Engineer (357.14 hrs. @ \$70 per hour)	\$25,000		
5275 Landscape Architect (357.14 hr. @ \$70 per hour)	<u>25,000</u>		
Total Design Services	\$50,000	0	\$50,000
DPW- Construction Management (15% of Construction Cost)	42,012	\$11,988	54,000
Construction Cost	337,023	22,977	360,000
Construction Contingency (10% of Construction Cost)	<u>20,965</u>	<u>15,035</u>	<u>36,000</u>
Total Project Cost	\$450,000	\$50,000	\$500,000

Comment:

Ms. Olson advises that the DPW has not yet (1) selected a Construction Contractor, or (2) established a detailed budget for the Construction Management services which are to be provided by DPW personnel. Therefore, the amount of \$50,000 allocated for the Construction Management services, the Construction Contractor, and the Construction Contingency fund should be reserved pending the selection of a Construction Contractor, the MBE/WBE status of the Construction Contractor, and the submission of budget details for the Construction Contractor and for DPW's Construction Management services.

Recommendations: 1. In accordance with the Comment above, amend the proposed resolution to reserve \$50,000 pending the selection of a Construction Contractor, the MBE/WBE status of the Construction Contractor, and the submission of budget details for the Construction Contractor and for DPW's Construction Management services.

2. Approve the proposed resolution as amended.

Item 15 - File 101-95-85

Department: Public Utilities Commission (PUC)
Hetch Hetchy

Item: Supplemental appropriation ordinance appropriating \$1 million for emergency repairs to a Hetch Hetchy access road at O'Shaughnessy Dam.

Amount: \$1 million

Source of Funds: Hetch Hetchy Unappropriated Fund Balance

Description: In February 1996, a 50-foot section of the westbound access road to the O'Shaughnessy Dam and a supporting embankment collapsed, making the road unsafe for passage. This section of the road, built in 1917 as part of the original railway access, was supported by a 17-foot dry stone masonry wall and soil and rock embankment fill. Storm water infiltration and flow through the permeable fill has caused subsurface erosion. According to the PUC, vehicular access along this road is necessary for the operation of the dam and reservoir.

On February 21, 1996, the PUC declared an emergency condition on the Hetch Hetchy access road at O'Shaughnessy Dam. In accordance with the provisions of Section 6.30 of the Administrative Code, the PUC initiated an expedited contracting procedure to make the necessary repairs to reopen the access road and stabilize the slope below the road. Presently, the only pedestrian access to the O'Shaughnessy Dam is by way of the damaged road. There is no vehicular access to O'Shaughnessy Dam according to Hetch Hetchy.

The PUC has selected a previous contractor, the Schnabel Foundation Company, on a sole source basis. According to Mr. William Melia of Hetch Hetchy, the Schnabel Foundation Company was selected because the PUC had previously issued a competitive bid for emergency repair work at Hetch Hetchy within the past twelve months, and the Schnabel Foundation Company was selected at that time as the lowest of seven bidders, Mr. Melia advises. The Schnabel Foundation Company is not an MBE/WBE firm, but has retained Mendelian Construction as a subcontractor. Mendelian Construction, which would perform 20 percent of the contract work, is an MBE firm.

Memo to Budget Committee
May 29, 1996 Budget Committee Meeting

Budget:	Construction Contract	\$850,000
	Contingency	50,000
	Contract Administration, at 11.8 percent	<u>100,000</u>
	TOTAL	\$1,000,000

Comments: 1. Since Hetch Hetchy was unable to define the precise scope of this project in advance, the contractor is paid on the basis of the cost of materials and labor plus a mark-up, as follows:

- √ 28.5 percent for labor;
- √ 15 percent for materials and equipment; and
- √ Five percent for work performed by the subcontractor.

According to Mr. Melia, Hetch Hetchy approves the contractor's anticipated expenditures on a daily basis.

2. The PUC advises that the design work for the emergency repair work on the access road commenced in March, 1996 and is still in progress. Mr. Melia advises that the PUC received formal approval on April 24, 1996 from Yosemite National Park to commence the necessary construction work on the access road. The construction work commenced on April 29, 1996, according to Mr. Melia. The PUC has established a target date of July 15, 1996 for completion of the construction work.

3. The Attachment, provided by Mr. Larry Klein, General Manager of Hetch Hetchy, explains the basis of the \$1 million estimated budget noted above.

Recommendation: Approve the proposed ordinance.

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
HETCH HETCHY WATER & POWER

1155 MARKET STREET - 4th Floor
SAN FRANCISCO, CALIFORNIA 94103
(415) 554-0725 (FAX) 554-0796

MEMORANDUM



To: Sandy Brown-Richardson
Board of Supervisors, Budget Analyst

From: Lawrence Klein
General Manager *Shirley Hoagland for*

Subject: File 101-96 Hetch Hetchy
Supplemental Appropriation Ordinance Appropriating
\$1 Million For Emergency Repairs to a Hetch Hetchy
Access Road at O'Shaughnessy Dam

Date: May 9, 1996

The following is an explanation of the PUC's basis of estimate for the subject appropriation request and scope of work to be performed.

The selected contracting method was driven by the location of the emergency and the nature of terrain the contractor will be working in. The emergency repair is to the only road leading to O'Shaughnessy Dam. Hetch Hetchy reservoir is the primary source of water to 2.3 million Bay Area residents. Access to these facilities must be maintained for water quality and water supply purposes. In addition, this road is the only access to a recreation resource in Yosemite National Park used by 3-5 thousand vehicles a month.

These considerations led us to utilize an expeditious but prudent methodology for accomplishing this work. In order to be prepared to accommodate unknown subsurface conditions, a conservative estimate of the scope of work was produced. The selected contracting method provides maximum flexibility while committing funds only for work that is determined to be required by the actual subsurface conditions. Obtaining the subsurface information in advance would have delayed the project by 2 months and was judged not likely to affect the choice of repair method or the final costs. A more complete discussion is presented below.

Basis of Estimate

The one million dollar estimate was based on three components: City Engineering, Contracting and a Contingency for Work by Others.

Memorandum to Sandy Brown-Richardson
Board of Supervisors
May 9, 1996
Page #2

The \$100,000 estimate of City personnel costs is based on time spent negotiating with the Contractor and National Park Service, preparing Contract documents and full time engineering supervision including field cost accounting and surveying. The major expense will be the 90 days of continuous engineering field time, as well as overtime as needed to travel to this remote site. Overtime will also be required if it is necessary to accelerate construction activities to open this Park access earlier in the summer. Please note that we are looking at ways to conserve these expenditures and return the unused balance.

The construction estimate of \$850,000 was based on a conservative estimate of labor, material and equipment costs to remove approximately 2,200 cubic yards of embankment and to rebuild a stabilized roadway embankment on this steep slope. The major unknown is the steepness of the rock and the depth of the soil-rock interface. The component costs to reinforce this embankment or tie it to this rock face were based on a rock line that present the greatest challenge. It is therefore anticipated that actual field conditions will allow some cost savings which will be fully realized by the City under this actual cost-plus-markup Contract. All construction work will be supervised by a City Engineer who is authorized to direct construction activities. This Engineer will also keep daily cost records. Unspent money will be returned to the Hetch Hetchy reserve fund.

The \$50,000 for contingency will allow for remediation activities by NPS staff for currently unidentified environmental or resource issues on this project located within Yosemite National Park.

Scope of Work

The general scope of the repair work can be defined. Given that 50 feet of road has already failed and 150 feet of roadway is currently unstable, the chosen repair method consists of removing and replacing the 22 foot high x 150 foot long embankment, foundation, and reconstructing the roadway. The embankment will be reinforced and faced by a steel grid. Immediately inside the grid facing will be hand placed rocks. The remainder of the embankment will consist of compacted engineered fill.

What remains unknown is the rock soil interface. If this were known, this Contract could have been quantified in advance. To obtain this knowledge would have required extensive geotechnical field exploration. This added step would have added two months to the overall project and added an additional cost of approximately \$50,000 to \$100,000. While these added costs may have partially recoverable in a competitive bid, it would not have been a wise investment in terms of the nature of this emergency. It was the judgement of the Engineering staff that the prolonged exposure to the City by not having access to this vital resource outweighed any potential benefits from conducting the subsurface investigation prior to intaking the repair. In addition, the City's interests are adequately protected by the form of the contract.

LTK:az

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Item 16 - File 101-95-83

Department: Public Library

Item: Supplemental appropriation ordinance appropriating \$2,500,000 to the Public Library for salaries (\$1,552,242 from the Public Library Preservation Fund and \$947,758 from the General Fund Reserve), rescinding \$50,000 from materials and supplies previously appropriated from the General Fund, \$500,000 from books previously appropriated from the Library Preservation Fund and \$50,000 from materials and supplies previously appropriated from the Public Library Preservation Fund, to address the projected budgetary shortfall in FY 1995-96 for the Public Library.

Amount: \$2,500,000

Source of Funds:	General Fund Reserve:	\$897,758
	Rescinding Materials & Supplies	
	included in Library General Fund Budget:	50,000
	Public Library Preservation Fund, Balance:	1,002,242
	Rescinding Book Budget Funds from Public	
	Library Preservation Fund Budget:	500,000
	Rescinding Materials & Supplies funds from	
	Public Library Preservation Fund Budget:	<u>50,000</u>
	Total	\$2,500,000

Description: The proposed supplemental appropriation would fund \$2.5 million to meet a projected budgetary shortfall in Temporary Salaries for the Public Library. FY 1995-96 was the first full year of operation of the Public Library under the expanded hours and budget provided pursuant to the approval of Proposition E by the voters in June of 1994. Also, in April of 1996 the new Main Library was opened. The Public Library's FY 1995-96 budget took these expansions of service into account, with the addition of 159 permanent positions. However, during the course of FY 1995-96, the Public Library has spent in excess of its Temporary Salaries budget to staff at a higher level than was anticipated in the approved budget.

The total approved Temporary Salary budget for FY 1995-96, combining the baseline General Fund and the Preservation Fund components of the Public Library budget, was \$1,876,064. The Public Library projects that actual spending on Temporary Salaries will total at least \$4,376,064, or \$2.5 million more than has been appropriated.

Comments:

1. The Budget Analyst has analyzed Public Library expenditure records and concurs with the projected budget deficiency of \$2.5 million.

2. Ms. Mary Downey of the Public Library states, in a memorandum shown as Attachment No. 1 to this report, that the Public Library did not implement a personnel control system in FY 1994-95 or FY 1995-96. According to Ms. Downey, "This resulted in an over extension of personnel positions..." Ms. Downey states that approximately \$79,550 of the \$2.5 million cost overrun occurred because the Public Library authorized overtime security and maintenance staffing during the transition to the new Main Library. The balance of over \$2.4 million in excess temporary salary expenditures is explained in the attached memorandum as follows: "Current staffing usage by the Branch Libraries and the Main Library exceeded the Fiscal Year 1995-96 budget."

2. In comments to the Budget Committee of the Board of Supervisors accompanying our recommendations for amendment of budget items in FY 1995-96, the Budget Analyst stated that the Public Library should develop a model for allocating staff to service points in Branch Libraries, divisions of the Main Library and the Technical Services Division. We recommended that the Public Library provide this staffing model to the Board of Supervisors in December of 1995, and employ the model to ensure that its staff was being used efficiently and appropriately. This evaluation of staff usage was supposed to be provided to the Mayor and Board of Supervisors as part of the FY 1996-97 budget proposal.

As of the writing of this report, the Public Library had not provided such a staffing allocation model to the Board of Supervisors. The attached memorandum from Ms. Downey confirms the absence of a personnel position analysis or personnel control system at the Public Library. In the professional judgment of the Budget Analyst, the Public Library cannot administer General Fund or Proposition E Preservation Fund monies responsibly without developing staffing standards and subjecting them to review and approval, as part of the budget process.

Furthermore, management of the Public Library does not prepare budgets for individual Branch Libraries or for Divisions of the new Main Library. Such program budgets are the building blocks of a systemwide Public Library budget. Without this basis, effective budgeting is impossible.

According to the Charter, total hours of service in the Library system cannot be changed for five years, or until January 1, 2000. Given the lack of flexibility on hours of operation, it is incumbent upon the Public Library to carefully determine the cost of such services, and develop a budget that can be sustained within the funds anticipated to be available.

4. In the attached memorandum, Ms. Downey states that the need for the proposed supplemental was anticipated by the prior Library Commission. No such concerns were raised with the Budget Analyst or the Board of Supervisors at the time that the FY 1995-96 budget was approved. Had the Public Library advised the Board of Supervisors that funding of salaries was inadequate, the Board of Supervisors might have taken different actions during its FY 1995-96 budget review. Instead, the Board of Supervisors is now being requested to cut \$500,000 from the book budget.

5. The attached memorandum states that the Public Library has recently completed a personnel positions analysis and will implement a personnel control system during FY 1996-97. Mr. David Price of the Public Library states that the Public Library is taking steps to build internal budgets that will go down to the cost center level. Mr. Price further states that the Public Library plans to operate within budgeted resources during FY 1996-97.

However, given the Public Library's failure to operate within the greatly expanded parameters of its FY 1995-96 budget, the Budget Analyst recommends that the Public Library report to the Board of Supervisors on a quarterly basis during FY 1996-97, comparing actual year-to-date personnel expenditures with budgeted personnel expenditures, and providing a plan for addressing any excess spending trends that might arise. This should assist in avoiding a repetition of temporary salary cost overruns in FY 1996-97.

6. Mr. John Madden of the Controller's Office states that the \$897,758 in General Fund Reserve monies that partially fund the subject supplemental appropriation would have to be remitted by the City to the Public Library whether or not the Public Library was facing a projected budgetary shortfall. Mr. Madden advises that the baseline level of General Fund support for the Public Library, as established in Proposition E, must equal the same proportion of General Fund appropriations as the Library had in FY 1992-93. According to Mr. Madden, the Controller has recalculated the Public Library's General Fund baseline budget for FY 1995-96, and determined that \$897,758 is due to the Public Library from the General Fund.

BOARD OF SUPERVISORS
BUDGET ANALYST

7. The proposed supplemental appropriation would utilize \$1,002,242 from the Preservation Fund Balance. While monies are available in the Preservation Fund balance to support the proposed supplemental appropriation, the use of such monies will reduce resources that the Public Library is likely to need in the coming years to sustain current services. A four-year Public Library projection of revenues and expenses, included as Attachment No. 2 to this report, shows that the Preservation Fund balance would decline from approximately \$4 million at the start of FY 1995-96 to \$901,142 with approval of the proposed supplemental. (The Board of Supervisors previously approved use of the Preservation Fund Balance to finance the Public Library's technology plan. See File 101-95-26.) The Public Library expects to use another \$500,000 of the Fund Balance in FY 1996-97, despite significant projected reductions in expenditures from actual FY 1995-96 levels.

The Budget Analyst recommends that the Public Library be required to submit a detailed ten year projection of revenues and expenses to the Board of Supervisors. This projection should include realistic assumptions regarding personnel and materials cost increases, as well as conservative projections of General Fund and Preservation Fund revenues.

8. In summary, the proposed supplemental appropriation ordinance would provide \$2.5 million for Temporary Salary expenditures in excess of budgetary appropriations at the Public Library. The Public Library attributes these excess expenditures to the lack of a personnel control system, which Public Library administrators state will be implemented in FY 1996-97. The Budget Analyst previously reported to the Board of Supervisors as to the absence of a staffing allocation model when the FY 1995-96 budget was approved in July of 1995. The Public Library has not instituted the budgetary systems and controls that are necessary to (1) provide the Board of Supervisors with adequate information to make informed decisions regarding allocation of the Public Library budget; or (2) administer appropriated funds in a responsible manner.

The proposed supplemental appropriation would reduce the FY 1995-96 book budget by \$500,000 (11.6 percent). Also, \$1 million from the Preservation Fund Balance that is needed to fund the proposed supplemental appropriation would otherwise have been available to meet anticipated revenue shortfalls faced by the Public Library in future years. General Fund Reserve monies totalling \$897,958 that would be appropriated to the Public Library would have to be

allocated to the Public Library in any case, because of a recalculation of the Library Baseline by the Controller.

There have been reports that the Public Library requires a supplemental appropriation because actual revenues have not been as high as anticipated. This is absolutely not the case. In fact, total revenues are higher than anticipated. The proposed supplemental appropriation is required because management of the Public Library has spent \$2.5 million more for temporary staff than was appropriated in the FY 1995-96 budget approved by the Board of Supervisors. If this higher level of staffing is continued, the Public Library will either have to reduce spending in other areas or obtain additional funding in future years.

Senior management states that the Public Library is now taking steps to improve personnel and budget control systems, and plans to operate within budgeted resources in FY 1996-97. However, given the Public Library's failure to operate within the greatly expanded parameters of its FY 1995-96 budget, the Budget Analyst recommends that the Public Library report to the Board of Supervisors on a quarterly basis during FY 1996-97, comparing actual year-to-date personnel expenditures with budgeted personnel expenditures, and providing a plan for addressing any excess spending trends that might arise. This should help to avoid a repetition of temporary salary cost overruns in FY 1996-97. We further recommend that the Public Library submit a detailed, realistic ten-year projection of revenues and expenses to the Board of Supervisors.

9. Mr. Madden states that, if the proposed supplemental appropriation is not approved, the Public Library would be forced to furlough employees and seriously curtail their operations in the month of June.

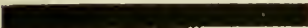
10. Management of the Public Library does not prepare budgets for individual Branch Libraries or for Divisions of the Main Library. Such program budgets are the building blocks of a systemwide Public Library budgets. Without this basis, effective budgeting is impossible.

11. The proposed supplemental appropriation ordinance should be amended to provide for retroactive authorization, because the Public Library has already expended most of the \$2.5 million in excess Temporary Salary costs.

12. Approval of the proposed supplemental appropriation would result in a reduction of \$500,000 (11.6 percent) in the FY 1995-96 book budget, from approximately \$4.3 million to

approximately \$3.8 million. Ms. Downey states that this reduction would be accomplished by eliminating most new orders for books and materials in May and June of 1996. Had the Public Library advised the Board of Supervisors during the FY 1995-96 budget approval process that funding of Temporary Salaries was inadequate, the Board of Supervisors might have taken different actions during its budget review. Instead, the Board of Supervisors is now being requested to cut \$500,000 from the book budget.

- Recommendations:**
1. Require the Public Library to submit a detailed ten year projection of revenues and expenses to the Board of Supervisors by September, 1996. This projection should include realistic assumptions regarding personnel and materials cost increases, as well as conservative projections of General Fund and Preservation Fund revenues.
 2. Require the Public Library to report to the Board of Supervisors on a quarterly basis during FY 1996-97, comparing actual year-to-date personnel expenditures with budgeted personnel expenditures, and providing a plan for addressing any excess spending trends that might arise.
 3. Amend the proposed supplemental appropriation ordinance to provide for retroactive authorization.
 4. Approve the proposed supplemental appropriation, as amended, because the Public Library has, in effect, already expended the requested funds, and would otherwise be forced to furlough employees and severely curtail its operations in the month of June.

S F P L
M E M O R A N D U M San Francisco Public Library

To: Eve Sternberg
Budget Analyst
Board of Supervisors

From: Mary Downey *Mary Downey*
Finance Director

Subject: FY 1995-96 Supplemental

Date: May 22, 1996

In response to your questions regarding the FY 1995-96 Supplemental:

1. How will the reduction in the book budget be accomplished?

Effective May 1996, most new orders for books/materials will not be placed, with some exceptions. The Technical Services Division of the Library tracks orders placed for books and materials and indicates over \$500,000 in funds available from books and materials orders not yet processed. Sub-object 6031, Books, includes purchases of the following formats of library books and materials: books, video tapes, subscriptions (magazines and other periodicals/journals), government documents, CD-ROMS, microfiche, microfilms, music (CDs), audio and video cassettes, and software.

2. Breakdown of Temporary Salaries

Background

In Fiscal Year 1994-95, the Library did not implement a personnel control system. This resulted in an over extension of personnel positions which carried into Fiscal Year 1995-96. The adopted plan was to use the Library Preservation Fund Reserves through a supplemental to correct that deficiency.

The Library has recently completed a personnel position analysis and will be implementing a personnel control system during Fiscal Year 1996-97. The Library's

San Francisco Public Library
Page 2

permanent positions are supported by the General Fund and Library Preservation Fund. However, the Library's current temporary staffing levels cannot be solely supported by General Fund and Library Preservation Fund revenues. The Library will monitor temporary salaries based on factors of classification, number of hours worked and budgeted amounts available.

Breakdown of Temporary Salary Requirements

1. Overtime costs were budgeted at \$25,454 for Fiscal Year 1995-96. Actual overtime costs are anticipated to exceed \$105,000. These cost increases occurred as a result of security and building maintenance costs incurred during transition to the new Main Library. Overtime was authorized in order to secure the building and equipment. Security provided by the construction contractor was inadequate to provide complete building coverage. It has not yet been determined whether these costs can be charged to the Bond Fund. These costs are currently under review by the City Attorney's office.

2. The balance of funds needed for temporary salaries are in large part due to staffing usage by Branch Libraries and the Main Library. Current staffing usage by the Branch Libraries and the Main Library exceeded the Fiscal Year 1995-96 budget. While staffing levels may not yet meet service needs, the Library will need to increase funding sources or reduce temporary salary costs through attrition and/or a reduction in temporary staff hours.

Summary

The need for this supplemental was anticipated by the prior Library Commission. It was assumed that an adjustment period would result from expectations of Proposition L (Library Preservation Fund) service levels, rising costs of salaries and fringe benefits, and declining property tax revenues. It is anticipated that property tax revenues will remain flat or increase from 1-2%. Property tax revenues are not anticipated to meet rising salary and fringe benefit costs. However, it is assumed that the pay off of short term technology debt payments within the next four to five years will provide some additional funds. The annual recalculation of the General Fund baseline, which provided \$897,758 of additional funds during Fiscal Year 1995-96, may also provide additional funds each year.

The Library is committed to the service levels mandated by Prop. E and will be working on a detailed analysis of staffing levels in order to contain costs within revenue estimates.

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	REVENUE/EXPENDITURE PROJECTIONS FY 1997-1998					REVENUE/EXPENDITURE PROJECTIONS FY 1998-1999				
	GENERAL FUND	PROP J	PROP E	GRANTS/ Children, Youth & Families	GRANTS/ Gifts Miscellaneous	GENERAL FUND	PROP J	PROP E	GRANTS/ Children, Youth & Families	GRANTS/ Gifts Miscellaneous
RESERVE ESTIMATED REVENUE PROPOSED EXPENDITURES										
RESERVE - PROP E										
BEGINNING RESERVE BALANCE FORWARD			\$401,142					\$401,142		\$401,142
1994-1995 UNALLOCATED			\$0					\$0		\$0
PRIOR YEAR SURPLUS (REV. OVER EXP)			\$0					\$167,307		\$167,307
TOTAL BEGINNING BALANCE/ALLOCATION PLUS	\$0		\$401,142			\$0		\$568,449		\$568,449
LESS USE OF RESERVE TO FINANCE TECHNOLOGY PLAN (11,092,179 + 415,000 - 412 - 417,900)			\$0					\$0		\$0
LESS USE OF RESERVE TO FINANCE PERSONNEL			\$0					\$0		\$0
LESS USE OF RESERVE			\$0					\$0		\$0
ENDING RESERVE BALANCE	\$0		\$401,142			\$0		\$568,449		\$568,449
ESTIMATED REVENUE:										
ALLOCATED BUDGET	\$17,664,154	\$3,540,243	\$11,797,918	\$415,626	\$1,094,421	\$18,852,932	\$3,540,243	\$14,142,666	\$415,626	\$1,344,421
RECALCULATION OF GENERAL FUND BASELINE	\$0		\$0					\$0		\$0
CITY LEASE PAYMENT BONDS (\$2,200,000)			\$0					\$0		\$0
USE OF RESERVES - TECHNOLOGY PLAN			\$0					\$0		\$0
USE OF RESERVES - PERSONNEL			\$0					\$0		\$0
USE OF RESERVE			\$0					\$0		\$0
LIBRARY FOUNDATION/FRIENDS OF LIB.										
TOTAL REVENUE	\$17,664,154	\$3,540,243	\$11,797,918	\$415,626	\$1,094,421	\$18,852,932	\$3,540,243	\$14,142,666	\$415,626	\$1,344,421
PROPOSED EXPENDITURES:										
TECHNOLOGY SUPPLEMENTAL			\$0					\$0		\$0
TECHNICAL SERVICES SUPPLEMENTAL			\$0					\$0		\$0
PERSONNEL SUPPLEMENTAL			\$0					\$0		\$0
PROGRAM BUDGETS (includes savings):										
MAIN LIBRARY	\$5,189,215		\$2,418,193	\$298,407	\$7,906,515	\$5,538,449		\$2,467,271	\$298,407	\$8,304,127
BRANCH PROGRAM	\$4,450,878		\$2,939,442	\$200,000	\$7,590,520	\$4,759,422		\$2,994,435	\$200,000	\$7,949,857
MANAGEMENT/SUPPORT SVCS	\$5,509,004		\$4,562,998	\$496,014	\$10,568,016	\$5,666,300		\$4,654,237	\$546,014	\$10,866,572
TECHNICAL SERVICES	\$2,715,051		\$3,809,078	\$0	\$6,524,135	\$2,897,781		\$3,885,239	\$50,000	\$6,833,040
CHILDREN'S PROGRAM		\$3,540,243		\$415,626	\$3,955,869		\$3,540,243		\$415,626	\$3,955,869
TOTAL EXPENDITURES (REVISED-SEE NOTES)	\$17,664,154	\$3,540,243	\$11,710,611	\$415,626	\$994,421	\$18,852,932	\$3,540,243	\$14,005,223	\$415,626	\$1,094,421
Estimated Revenue Less Expenditures: SURPLUS/(DEFICIT)	\$0	\$0	\$67,307	\$0	\$100,000	\$167,307	\$0	\$117,643	\$0	\$250,000

Item 17 - File 101-95-82

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Supplemental Appropriation Ordinance appropriating \$4,074,010 and reappropriating \$869,163 for a total of \$4,943,173 of Municipal Railway Operating Funds (Fare and Subvention Revenue and Fund Balance to fund projected budget shortfalls in Workers Compensation, Fuels and Lubricants and Services of Other Departments for the Municipal Railway.

Amount: \$4,943,173

Source of Funds: MUNI Operating Funds (See Comment No. 1)

Description: The MUNI is projecting a budget shortfall of \$4,943,173. However, based on the analysis of the Budget Analyst, we project a budgetary shortfall of \$5,068,527 or \$125,354 more than had previously been projected by the MUNI. Our projected budgetary shortfall is as follows:

<u>Line Item Category</u>	<u>FY 1995-96 Budgeted Amount</u>	<u>Actual Expenditures 7/1/95 4/30/96</u>	<u>Projected Expenditures 5/1/96 6/30/96</u>	<u>Estimated Surplus/ (Deficiency)</u>
Workers Compensation	\$7,471,789	\$10,134,479	\$2,026,896	(\$4,689,586)
Fuels and Lubricants	4,594,015	3,624,369	1,160,000	(190,354)
Services of Other Depts.	<u>5,881,652</u>	<u>3,518,673</u>	<u>2,551,566</u>	<u>(188,587)</u>
Total	\$17,947,456	\$17,277,521	\$5,738,462	(\$5,068,527)

Workers Compensation:

The MUNI reports that actual Workers Compensation expenditures for the Fiscal Year 1994-95 were \$9.4 million. The projected expenditure for Fiscal Year 1995-96 is \$12,161,375. The primary reason for the increase over last year's actual expenditures is a 10% increase in benefit payments for temporary disability required by the State of California. Based on current information, the Budget Analyst estimates that the budget deficiency in Workers Compensation will be \$4,689,586 or \$219,242 more than the \$4,470,344 requested by the Department.

Fuels and Lubricants:

The MUNI reports that the reason for the requested increase in funding for Fuels and Lubricants is due to the recent increase in the price of diesel fuel from an average of 69¢ per gallon during the first eight months of the fiscal year to the current rate of \$1.04 per gallon. Based on this increase in the price of diesel fuel the MUNI estimated a budget deficiency of \$284,242. The Fuels and Lubricants appropriation, however, contains other items in addition to diesel fuel. Based on an analysis of combined expenditures for all Fuel and Lubricant items, the Budget Analyst estimates that the budget deficiency will be \$190,354 or \$93,888 less than the \$284,242 estimated by the Department.

Services of Other Departments:

The MUNI purchases services from a number of City departments. The Services of Other Departments appropriation includes services purchased from the Human Resources Department, the Water Department, the Department of Real Estate and others. The budget deficiency of \$188,587 estimated by the MUNI is primarily due to the following:

1. Human Resources Department- additional funds required to fund a Hearing Officer for workers compensation cases (\$82,000) and to complete the examinations for Transit Manager I and Transit Manager II positions (\$62,000).
2. Water Department - additional funds of \$40,000 required due for maintenance of non-revenue vehicles.
4. Department of Real Estate - additional funds of \$10,000 required to identify a location for the MUNI's coin processing center.

<u>Line Item Category</u>	<u>Amount of Request Based on MUNI's Projected Shortfall of \$4,943,173</u>	<u>Budget Analyst's Recommended Amount</u>	<u>Budget Analyst Recommended Reductions</u>
Workers Compensation	\$4,470,344	\$4,470,344	0
Fuels and Lubricants	284,242	284,242*	0
Services of Other Depts.	<u>188,587</u>	<u>188,587</u>	<u>0</u>
Total	\$4,943,173	\$4,943,173	0

*Reduction for Fuels and Lubricants request is not recommended due to an additional projected deficit in Workers Compensation.

Comments:

1. The MUNI has identified sources of revenue to fund the budget deficiencies as follows:

Passenger Fares - The original budget for Passenger Fares for the MUNI was \$91,480,000. Based on current estimates of the Department and the Controller, actual Passenger Fare revenues will exceed the original estimates by \$2,784,654. \$2,784,654

Transit Development Act (TDA) - Sales Tax Revenue - The allocation of TDA Sales Tax revenue, exceeded estimates for a net increase in State and Federal operating revenues by \$161,391. 161,391

Fringe Benefits - The Department is projecting a surplus in fringe benefits due to savings resulting from unfilled positions. We concur with this projection. 869,163

Fund Balance - The MUNI ended Fiscal Year 1994-95 with a yearend surplus which is unencumbered in the Municipal Railway Operating Fund and available for funding this Fiscal Year 1995-96 request. 1,127,965

Total Request \$4,943,173

2. As previously noted, the Budget Analyst estimates that the budget deficiency for Fuels and Lubricants will be \$190,354 or \$93,888 less than the \$284,242 estimated by the Department. However, the Budget Analyst estimates that the budget deficiency in Workers Compensation will be \$4,689,586 or \$219,242 more than the \$4,470,344 requested by the Department for a net deficit of \$125,354.

3. The Controller's Office has advised that, in accordance with the Charter, the supplemental budget request for Workers Compensation cannot be increased by the Board of Supervisors. Therefore, the Budget Analyst is not recommending that the supplemental appropriation request be reduced by \$93,888. Instead, the Budget Analyst recommends that the supplemental budget request be approved in the full amount of \$4,943,173 so that the \$93,888 not needed for Fuels and Lubricants will be available to partially reduce the estimated deficit in the Workers Compensation account.

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4. As noted above approval of this request would still leave the MUNI with an estimated budget deficiency of \$125,344. According to Mr. Roger Contreras, Deputy General Manager, Administration of the Municipal Railway, any remaining budget deficiencies can be offset with savings in other appropriations and no further supplemental appropriation requests are anticipated during the remainder of Fiscal Year 1995-96.

Recommendation: Approve the proposed supplemental Appropriation Ordinance.

Item 18 - File 28-96-5

Department: Department of Public Works (DPW)

Item: Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewers in Stockton Street between Francisco Street and Bay Street, Laguna Street between Ellis Street and Cleary Court and Julian Avenue between 15th Street and 16th Street.

Amount: \$62,180 Sewer Repair at Stockton Street
51,175 Sewer Repair at Laguna Street
99,582 Sewer Repair at Julian Avenue
\$212,937

Source of Funds: Repair and Replacement Fund - financed by Sewer Service Charges

Description: The three emergency sewer repairs including contract details are described below:

Sewer Repair at Stockton Street - The DPW advises that on January 19, 1996, the DPW's Project Development Section notified the City Engineer that an existing 18" diameter sewer located at Stockton Street between Francisco Street and Bay Street was badly crushed and had multiple cracks. The DPW reports that accordingly, the Project Development Section requested an emergency contract to repair the damaged sewer.

Mr. P.T. Law of the DPW advises that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on February 21, 1996, to acquire the necessary construction services. Mr. Law states that on March 6, 1996, the DPW selected Marinship Construction, an MBE/LBE firm, as the lowest responsible bidder for the sewer repair work at the Stockton Street location, based on the bid amount of \$62,180. The repair work consists of replacing 280 feet of 12" diameter sewer pipe.

The list of bidders, their MBE/WBE/LBE status, and the amounts bid are as follows:

<u>Contractor</u>	<u>MBE/WBE/LBE</u>	<u>Bid Amount</u>
Marinship Construction	MBE/LBE	\$62,180*
Uniacke Construction	LBE	\$59,350
P&M Pipelines	LBE	\$60,750
Woods Construction	LBE	\$68,000
Shaw Pipelines	LBE	\$68,240
Cal North Engineering	LBE	\$71,555

* Marinship Construction was granted a 10 percent MBE/LBE preference resulting in the lowest bid amount of \$55,962.

According to Mr. Law, the repair work on the sewer located at Stockton Street commenced on March 19, 1996 and was completed on April 1, 1996.

Sewer Repair at Laguna Street - The DPW advises that on February 28, 1996, the DPW's Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing 16" diameter iron stone pipe sewer located at Laguna Street between Ellis Street and Cleary Court had a crushed and collapsed section causing sewage to back-up in the main line into a private side sewer and flooding the private property. The DPW reports that accordingly, the BSSR requested an emergency contract to repair the damaged sewer.

In accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on March 6, 1996, to acquire the necessary construction services. Mr. Law states that on March 8, 1996, the DPW selected JMB Construction, Inc., an WBE/LBE firm, as the lowest responsible bidder for the sewer repair work at the Laguna Street location, based on the bid amount of \$51,175. The repair work consists of replacing 275 feet of 15" diameter vitrified clay pipe. The list of bidders, their MBE/WBE/LBE status, and the amounts bid are as follows:

<u>Contractor</u>	<u>MBE/WBE/LBE</u>	<u>Bid Amount</u>
JMB Construction, Inc.	WBE/LBE	\$51,175
Woods Construction, Inc.	LBE	\$54,890
Marinship Construction	MBE/LBE	\$56,520
Shaw Pipelines, Inc.	LBE	\$58,900
Esquivel Grading & Paving	MBE/LBE	\$64,800
Harty Pipelines	LBE	\$62,950
P&M Pipelines	LBE	\$70,300
A. Ruiz Construction	MBE/LBE	\$77,275

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According to Mr. Law, the repair work on the sewer located at Laguna Street commenced on March 12, 1996 and was completed on March 29, 1996.

Sewer Repair at Julian Avenue - The DPW advises that on February 9, 1996, the DPW's BSSR notified the City Engineer that an existing 3' x 5' brick sewer located at Julian Avenue between 15th Street and 16th Street had severe deterioration of mortar joints causing sand infiltration and voids under the street. The DPW reports that accordingly, the BSSR requested an emergency contract to repair the damaged sewer.

In accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on March 8, 1996, to acquire the necessary construction services. Mr. Law states that on March 20, 1996, the DPW selected Ramirez Engineering Corporation, an MBE/LBE firm, as the lowest responsible bidder for the sewer repair work at the Julian Avenue location, based on the bid amount of \$99,582. The repair work consists of replacing approximately 482 linear feet of 12" diameter vitrified clay pipe. The list of bidders, their MBE/WBE/LBE status, and the amounts bid are as follows:

<u>Contractor</u>	<u>MBE/WBE/LBE</u>	<u>Bid Amount</u>
Ramirez Engineering Corp.	MBE/LBE	\$99,582*
Uniacke Construction Co.	LBE	\$95,040
A. Ruiz Construction Co.	MBE/LBE	\$104,480
Cal North Engineering	LBE	\$107,385
Esquivel Grading & Paving	MBE/LBE	\$118,426
Harty Pipelines	LBE	\$118,670
Shaw Pipelines, Inc.	LBE	\$122,846
Marinship Construction	MBE/LBE	\$164,874

* Ramirez Engineering Corporation was granted a 10 percent MBE/LBE preference resulting in the lowest bid amount of \$89,624.

According to Mr. Law, the repair work on the sewer located at Julian Avenue commenced on May 14, 1996. The project is expected to be completed on June 10, 1996.

Recommendation: Approve the proposed resolution.

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BUDGET ANALYST

Item 19 - File 101-95-80

Departments: Department of Public Works
Laguna Honda Hospital

Item: Ordinance appropriating \$82,500 of 1989 Earthquake Safety Bond interest earnings for a capital improvement project at Laguna Honda Hospital for the Department of Public Works.

Amount: \$82,500

Source of Funds: Interest earned from 1989 Earthquake Safety Bond Fund

Description: 1989 Earthquake Safety Bond Funds (Phase 1) were authorized by San Francisco voters in November 1989. The \$57.9 million bond program was for six City departments, including the Asian Arts, Academy of Science, Fire, Fine Arts, Laguna Honda Hospital, and Public Works Departments. The work to be completed with these bond funds includes seismic upgrades, asbestos abatement, disabled access, and general building condition repairs. As of April 30, 1995, the Bond Fund has accrued \$7,701,139 in interest earnings, of which \$458,208 is Laguna Honda's share.

The Utility Pipe Bracing and Secondary Water Supply Project at Laguna Honda, the project that is the subject of the proposed supplemental appropriation, will involve bracing of the utility pipes in the pipe tunnels under the main building and different wings of the hospital, and the installation of a secondary water supply system. This project is the second phase of work following the Boiler House Seismic Upgrade Project. The two projects combined received a Federal Emergency Management Agency (FEMA) grant of \$1,862,000 to match an equal amount of program funds.

Budget: The Department of Public Works has submitted a project budget of \$165,000 for the utility pipe bracing and secondary water supply project, \$82,500 (or 50%) of which is the subject of this proposed supplemental appropriation. FEMA has already approved the additional \$82,500 in matching funds. The proposed project budget is as follows:

Contract Services:

Construction (see Attachment for cost details)	\$87,000
Structural Design (121 hours @ \$99/hour)	12,000
Testing	4,000
Asbestos Abatement Management & Monitoring	<u>8,000</u>

Subtotal, Contract Services

\$111,000

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Other Project Costs:

Project Management (DPW/Bureau of Construction Management, 31 hours @ \$81/hour)		\$2,500
Architectural Design (DPW/Bureau of Architecture)		
Assistant, 128 hours @ \$65/hour	\$8,320	
Secretary, 16 hours @ \$43.25/hour	<u>680</u>	
Total, Architectural Design		9,000
Survey		3,500
Permit		2,000
Construction Administration (DPW/Bureau of Architecture):		
Project Manager (42 hours @ \$81/hour)	\$3,402	
Assistant (127 hours @ \$65/hour)	8,255	
Secretary (8 hours @ \$43/hour)	<u>343</u>	
Total, Construction Administration		12,000
Construction Management & Inspection (DPW/Bureau of Construction Management):		
Construction Manager (170 hours @ \$73/hour)	\$12,410	
Inspector (191 hours @ \$66/hour)	<u>12,590</u>	
Total, Construction Management & Inspection		<u>25,000</u>
Subtotal, Other Project Costs		<u>\$54,000</u>
Project Total		<u>\$165,000</u>
Less: 50% FEMA Funding		<u>(82,500)</u>
Amount of Supplemental Appropriation		<u>\$82,500</u>

Comments:

1. Of the total project costs of \$165,000, \$111,000 is for contract services. The contractor performing the construction work for \$87,000 (or 78% of contract services), Cuevas-Mannion Construction, is an MBE firm. The other three firms providing contract services are not MBEs or WBEs.

2. As previously noted, the Utility Pipe Bracing and Secondary Water Supply Project at Laguna Honda is the second phase of work following the Boiler House Seismic Upgrade Project. Cuevas-Mannion Construction, the contractor selected to perform the construction work, is the same contractor as selected for the Boiler House Seismic Upgrade Project. The work required for the Utility Pipe Bracing and Secondary Water Supply Project is intended to be executed as a change order to the original contract. The Structural Design consultant, H.J. Burnnier, was also retained for the Boiler House project and a variety of other projects at Laguna Honda Hospital. The Testing consultant, Consolidated Engineering Laboratories, and the Asbestos Monitoring consultant, I.H.I Environmental, were selected and retained by the DPW - Bureau of Construction Management as part of a master list of consultants used on an as-needed basis.

Recommendation: Approve the proposed ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Laguna Honda Hospital- Utility pipe bracing and secondary water supply

Construction cost breakdown (Additional work)

A Work in mechanical rooms:		
Bracing of equipment and utility pipes in following areas:		
Ward M level 3, north wing	Compressors, electric panels, HVAC control panels, heat exchangers	
Ward O level 3	transformers & switch gears	
Ward L & K level 3	heat exchangers, hot storage tank	
Auditorium equipment rm.	transformer, fan motor, electric panel	
Wing H : Equipment rm.	compressors, transformers, electric distribution board, heat exchangers, fan units refrigerant pipings	
Clarendon Hall equip. rm.	pneumatic storage tank, heat exchangers, steam & fire pipes, electric panels & conduits	
Subtotal		19,000
B Work in Clarendon Hall crawl space		
Bracing of utility pipes	south of Clarendon Hall	12,000
	Work area contaminated with asbestos material, Workers require personal protective equipment	
C Work in Main hospital pipe tunnels:		
Trapezes in 11 wards	\$200X160 locations	32,000
Single pipe bracing	\$200X21 locations	4,200
D Asbestos removal		
	for items A,B & C	12,000
Subtotal		79,200
E Contingency 10%		
		7,920
Total		87,120

Item 20 - File 121-96-7

Department: Police Department

Item: Ordinance amending the Police Code by amending Sections 2.26, 2.26.1, 2.27 and 2.27.1 relating to permit filing fees and permit license fees.

Description: The proposed ordinance would amend Sections 2.26, 2.26.1, 2.27 and 2.27.1 of the Police Code to increase the fees charged by the Police Department (SFPD) for permit filing and permit licenses. A schedule containing the current and proposed fees is available in the Board of Supervisors file.

Section 2.26 of the Police Code imposes 86 types of filing fees, ranging from a permit application filing fee of \$28 for a one-night dance at an establishment that has a dance hall permit, to a permit application filing fee of \$1,144 for a massage establishment. Such permit application filing fees are collected by the Police Department when applications for permits are submitted. The proposed ordinance would increase most of these permit filing fees by approximately 6 or 7 percent. However, certain filing fees would increase by significantly more. See Comment No. 1 for a discussion of such increases.

Section 2.26.1 of the Police Code imposes another 10 types of filing fees specifically related to applications for Motor Vehicle for Hire permits, which range from a permit application filing fee of \$50 for a jitney bus driver to a permit application filing fee of \$321 for a taxicab radio dispatch service. Most permit application filing fees for Motor Vehicle for Hire permits would increase by 4.7 percent under the proposed ordinance, although the permit application filing fee for a taxicab radio dispatch service would increase by 8.1 percent, from \$321 to \$347.

Permit application filing fees are designed to cover the cost of all administrative and investigative work done by the SFPD and other City departments, such as the Fire Department (SFPD), Department of Public Health (DPH) the Department of Parking and Traffic (DPT) and the Department of City Planning (DCP), necessary to process the permit application, whether or not the permit is ultimately granted. The costs of all of these departments are included in the permit application filing fee charged by the SFPD. (Some departments, such as the Department of Public Works, collect their own fees.) The fees are collected by the SFPD and the fee proceeds are allocated by the Controller to the departments that provide services related to processing the

specific type of permit application for which the filing fee was collected.

Section 2.27 of the Police Code provides the schedule of 74 types of annual license fees which are payable to the Tax Collector for permits issued by the SFPD, ranging from \$8 per year per table in a billiard parlor, to \$450 per year for a peddler permit to sell food in outdoor areas. Under the proposed ordinance, such license fees would increase by a range of 3.8 percent to 7.2 percent.

Section 2.27.1 pertains specifically to annual license fees for Motor Vehicle for Hire, which range from \$27 per year for a public passenger vehicle driver to \$330 per year for a taxicab radio dispatch service. Such license fees would increase by approximately 5 percent under the proposed ordinance.

As with permit application filing fees, annual license fees are designed to cover the cost of all administrative and investigative work done by the SFPD and other City departments, necessary to administer the licensing program. Officer Farrell Suslow of the SFPD advises that such costs are primarily incurred by the SFPD itself, as opposed to the DPH, SFFD, etc.

The proposed ordinance would increase the fee schedule for most permit applications and licenses. Officer Suslow states that the base amount of the fees was originally calculated by a time and motion study. The fees have since been modified periodically, with Board of Supervisors approval, to reflect cumulative hourly personnel, fringe and materials cost increases since the last time each fee was changed. Fees could also be modified, with Board of Supervisors approval, when some new procedure or law alters the regulatory process, requiring more or less resources from the City.

Officer Suslow reports that the subject fees were last increased in October, 1993. According to Officer Suslow, the proposed fee increases reflect a 5 percent SFPD salary increase since the last fee change, as well as increased costs for inspections by the SFFD, the DPH, the DPT and the SFPD's Noise Abatement Unit.

Comments:

1. Officer Suslow advises that the labor and materials cost of a DPH health inspection for a permit application has increased from \$58 in 1993 to \$166 currently, a 186 percent increase. Therefore, with the current permit application fees, the City is not recovering the full cost of such inspections, which are usually related to plans for a food and beverage service. Officer Suslow advises that several filing fees would

increase by over \$100, or over 15 percent, under the proposed ordinance, because a DPH inspection is required to process such applications.

In addition, Officer Suslow reports that the cost of SFPD Noise Abatement Unit inspections has not been recovered in the past. Officer Suslow states that multiple noise abatement inspections are often required, as business owners take abatement measures that must be checked by the SFPD. The SFPD estimates that the costs of a complete noise abatement investigation is \$100, which has been added to the filing fee where appropriate.

The list on the next page shows permit filing fees that would increase by over \$100 under the proposed ordinance, and the primary reason (i.e., increase in DPH inspection fee, noise abatement inspection fee or DPT parking impact evaluation) for the large increase. The fees listed are all related to filing of permit applications. There are no proposed increases of more than \$100 in annual permit license fees.

Proposed Permit Application Filing Fees
Which would Increase by More than \$100

<u>Type of Application</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Proposed Increase</u>	<u>Percent Increase</u>	<u>Primary Reason</u>
Amusement Park	\$565	\$707	\$142	25.1%	DPH
Cabaret	754	908	154	20.4%	Noise, DPH
Cabaret amdmnt.	---	500	500	new	Noise, DPH
Circus	406	538	132	32.5%	DPH
Dance Hall Keeper	754	1,108	354	46.9%	Noise, DPH
Dance Hall amdmnt.	---	500	500	new	Noise, DPH
Dealer in Firearms/Ammo.	564	706	142	25.2%	DPH
Itinerant Show	428	562	134	31.3%	DPH
Junk Dealer	617	763	146	23.7%	DPH
Masked Ball	499	637	138	27.6%	DPH
Massage Establishment	1,144	1,323	179	15.6%	DPH
Mobile Caterer	485	622	137	28.2%	DPH
Peddler, Fish, Veg, Fruit	305	428	123	40.3%	DPH
Peddler, Food	305	428	123	40.3%	DPH
Place of Entertainment	754	1,108	354	46.9%	Noise, DPH
Place of Ent, amdmnt.	---	500	500	new	Noise, DPH
Poker	580	724	144	24.8%	DPH
Public Bathhouse	743	897	154	20.7%	DPH
Pushcart Peddler	365	497	132	36.2%	DPH
Rodeo Exhibition	415	551	136	32.8%	DPH
Skating Rink	438	572	134	30.6%	DPH
Valet Pking, fixed location	287	405	118	41.1%	DPT
Valet Pkg. ann. spec. event	155	265	110	71.0%	DPT
Vehicle for hire, non-motor.	365	488	123	33.7%	DPT

2. Mr. John Madden of the Controller's Office estimates that, if the proposed ordinance is approved, revenues realized by the City from the subject filing fees and annual license fees would increase by approximately \$45,000 - \$50,000 per year, from the current \$500,000 annually to \$545,000 - \$550,000 annually. However, Mr. Madden cautions that filing fee revenues are difficult to predict, because the volume of applications in any particular category may fluctuate widely from one year to the next.

Recommendation: Approve the proposed ordinance, in order to recover costs incurred by the City in processing of permit applications and licenses.

Item 21 - File 100-95-1.6

Department: Department of Social Services

Item: Release of reserved funds in the amount of \$410,000 for the Department of Social Services (DSS) for moving expenses and renovations associated with the removal of DSS staff and programs from 150 Otis Street.

Amount: \$410,000

Source of Funds: Fiscal Year 1995-96 Department of Social Services Budget

Description: The Fiscal Year 1995-96 budget for the Department of Social Services (DSS) included an expenditure of \$415,000 for the relocation of DSS staff and programs from their location at 150 Otis Street. The 150 Otis Street location, which is a City-owned building, has a seismic hazard rating of 3 on a scale of 1 to 4. The \$415,000 in funds was intended to cover six months of rent (from January, 1996 through the end of the Fiscal Year) plus moving expenses. The Board of Supervisors placed these funds, all budgeted under the Rental of Property object, on reserve pending identification of a new rental site and submission of budget details.

The Department of Social Services has located a site at 1650 Mission Street for the relocation of DSS staff. The Board of Supervisors approved the resolution authorizing this lease on May 14, 1996 (File 64-96-3). According to Ms. Sally Kipper, Assistant General Manager of the Department of Social Services, lease costs will not be incurred at this new location until on or after July 1, 1996. However, recent events have led the DSS to change its relocation plan. Although the DSS still plans to leave the 150 Otis Street location and move into the leased 1650 Mission Street location, staff and programs from the City-owned DSS location at 170 Otis Street and the leased DSS sites at 1440 Harrison Street and 1235 Mission Street, will also be relocated as follows:

<u>Program</u>	<u>Current Location</u>	<u>Proposed New Location</u>
Medi-Cal	150 Otis	1440 Harrison
Records Management	150 Otis/1235 Mission & 1440 Harrison	1235 Mission
Administration	170 Otis	170 Otis/1650 Mission
Investigation	170 Otis	1650 Mission/1440 Harrison
Adult Services	170 Otis	1650 Mission
Family/Childrens Svcs	1440 Harrison	170 Otis

BOARD OF SUPERVISORS
BUDGET ANALYST

Programs Remaining at their Current Locations:

AFDC, Employee Training, Homeless Services	170 Otis
Food Stamps & General Assistance	1235 Mission

The proposed program relocations are based on the following factors:

- (1) The State Department of Social Services announced that the implementation of a statewide automated case management system for Child Welfare Services will occur in July and August 1996. At that time, the State will wire for and install 140 personal computers and printers (at no County cost) for the new system. The DSS determined that this system could not be installed for the Family and Children's Services Division (FCS) location at 1440 Harrison, because this site is not air conditioned. Ms. Kipper reports that it would be more costly to install air conditioning at 1440 Harrison Street (a rental property) than to relocate the FCS staff.
- (2) The required move of FCS Division to 170 Otis Street required, in turn, that Adult Services and Investigations be moved to other sites.

Although the new 1650 Mission Street site effectively serves as the replacement site for the 150 Otis Street site, the DSS determined that the above reallocation of programs and staff would be the most efficient use of office space, even though this requires relocating some staff from all four DSS sites. The proposed reallocation will maximize the available properties and provide programmatic advantages such as col locating FCS and AFDC (programs that serve virtually the same client base).

The original estimate of \$415,000 included six months rental costs plus moving costs for the replacement of the 150 Otis Street location. As noted above, the rental costs for the new location at 1650 Mission will not be incurred during this fiscal year. However, the scope of the project has changed considerably, and the proposed reallocation of programs and staff requires additional moving and renovation costs. The Department of Social Services has requested that the full amount of funds reserved for the relocation from 150 Otis Street be used for all the DSS relocation projects described above. According to Ms. Kipper, the request for the release of \$410,000 was in error and is actually \$415,000. The Budget Analyst has verified that this amount of \$415,000 is the correct amount based on Fiscal 1995-96 budget recommendations.

Budget:

The DSS has submitted the following budget for the proposed relocation projects:

Modular furniture system design, 170 Otis Street	\$6,000
Modular furniture purchase and installation, 170 Otis St.	135,077
Moving contract	135,000
New movable file shelving installation	76,000
1235 Mission basement remodel design	7,170
1235 Mission Street basement construction	<u>81,000</u>
Total Costs	\$440,247

The Attachment to this report shows cost details and contractor information for all projects shown above. It should be noted that the \$135,077 in 'modular furniture' purchase and installation at 170 Otis Street is for partition units to create more office space for employees on two floors of the building, according to Ms. Rose Chow of the DSS. Ms. Chow reports that the existing furniture (including desks and chairs) will be moved from 150 Otis Street to the other locations.

Comments:

1. The DSS has identified total relocation costs of \$440,247, which exceeds the \$415,000 in reserved funds that is the subject of this proposed release of reserved funds. Ms. Kipper reports that the DSS will defer or eliminate approximately \$25,247 in previously approved facilities maintenance and capital improvement projects in order to cover the additional costs of the moving projects noted above.
2. The DSS has selected contractors through a competitive bid process for all of the projects noted above, except for the 1235 Mission Street basement remodel and construction. Low bids were selected for each project, and Human Rights Commission forms were completed for all contractors. According to Ms. Chow, none of the contractors selected are MBEs or WBEs.
3. For the 1235 Mission Street remodel, this facility is a leased building and the building owner is employing their own contract architect, Richard Pollack and Associates, for this design project. Ms. Chow reports that the Department of Real Estate reviewed Richard Pollack and Associates' proposal and judged that the costs were reasonable. Ms. Chow reports that according to the lease agreement, all remodeling costs must be paid by the lessee, which in this case is the DSS.

4. The 1235 Mission Street basement construction contract has not gone to bid yet, according to Ms. Chow. This project can not go to bid until the construction design work is completed by the contract architect, Richard Pollack and Associates. Therefore, the estimated funds for the 1235 Mission Street construction project, in the amount of \$81,000, should be placed on reserve pending cost details, selection of a contractor, and the MBE/WBE status of the contractor.

Recommendation: Release \$334,000 in reserved funds and continue to reserve \$81,000 for the basement construction project at 1235 Mission Street, pending submission of cost details, selection of a contractor, and the MBE/WBE status of the contractor.

Project	brkdown	Cost
Modular Furniture system design, 2 floors		6,000
\$55.00/hr x 106 hrs	5,930.00	
Reimbursables	70	
Total	6,000.00	
Competitive bid via purchaser's office: low bid accepted		
HRC forms completed		
Modular Furniture Purchase & Installation		135,077
City Purchaser contract; need to submit above design plan		
City Contract is 70% off list price	135,077	
(Contractor: Western Contract Furnishers)		
HRC approved		
Moving Contract		135,000
(\$25/hr manpower plus cost of trucks & subcontracts)		
Moving approx 800 staff, 4 locations and		
Dismantling & relocating 6,000 lin ft record shelving	135,000	
HRC questionnaire forms completed		
IFB process via Purchaser's office; low bid accepted		
based on detailed scope of work & site walkthrough		
New Moveable file shelving installation		76,000
Competitive bid via Purchasing. Low bid accepted		
for 4,000 linear feet of new shelving; HRC forms completed	76,000	
1235 Mission basement remodel		7,170
This is a leased building. The owner is employing their contract		
architect for this project. The Department of Real Estate reviewed their		
proposal for work and was satisfied that the costs were reasonable.		
Architects: Richard Pollack & Associates		
1. Space design architectural fees		
Associate	90.00/hr	
Assistant	70.00/hr	
draftsman	60.00/hr	
programming/field survey	480	
Space plan	800	
design dev	640	
construction documents	2800	
permit submission	450	
construction administration	2,000	
Total	7170	

HARVROSE.XLS

2. 1235 basement construction						
Projected costs w/o construction drawings						81,000
The construction drawings have not gone to bid yet. This is an estimate only.						
					TOTAL	440,247

Item 22 - File 101-95-48.2

Department: Art Commission

Item: Release of reserved funds for the Art Commission, in the amount of \$69,152, pay for various capital improvement projects.

Amount: \$69,152

Source of Funds: Reserve for Art Commission Cultural Centers

Description: In February of 1996, the Board of Supervisors approved an ordinance appropriating \$201,348 for various building improvements and repairs at the four Cultural Centers, and reserved an amount of \$197,448 pending the selection of contractors, the MBE/WBE status of the contractors, and the contract cost details (File 101-95-48). The four Cultural Centers, which are City-owned buildings that are operated by non-profit corporations, consist of the Mission Cultural Center for Latino Arts, the South of Market Cultural Center, the Center for African and African American Art and Culture, and the Bayview Opera House.

The Art Commission is now requesting that \$69,152 of the \$197,448 be released from reserve to pay for (1) various repairs and improvements at the Bayview Opera House (\$23,185), (2) heating and ventilation repairs at the Mission Cultural Center (\$38,702), and (3) elevator repairs at the Center for African and African American Art and Culture (\$7,265).

Ms. Liz Lerma of the Art Commission advises that the repair work at the Bayview Opera House will be performed in-house by the Department of Public Works (DPW) at a cost of \$3,898. Such repair work will include installing new wall siding, plumbing repairs and repair of damaged tilework. The remaining \$19,287 (\$23,185 less \$3,898) earmarked for this project would pay for contingencies of \$1,862 and various contract services totaling \$17,425 including architectural/engineering services (\$4,000), termite treatment/dry rot replacement services (\$7,105, and electrical upgrades (\$6,320) for improvements to the Bayview Opera House. Ms. Lerma also advises that the heating and ventilation repairs (\$38,702) at the Mission Cultural Center will be performed in-house by DPW. According to Ms. Lerma, the elevator repair services totaling \$7,265 at the Center for African and African American Art Culture will be performed by the firm of U. S. Elevator, which has an on-going service

contract with the Art Commission to perform these services. Total contracted services amount to \$26,552 (\$19,287, including contingencies of \$1,862 plus \$7,265).

Ms. Lerma advises that through an informal bidding process, the Bayview Opera House Inc., the non-profit corporation at Bayview Opera House requested bids from three firms for architectural/engineering services, three firms for termite treatment/dry rot replacement services and three firms for electrical upgrades in connection with the improvements at Bayview Opera House. Ms. Lerma advises that Bayview Opera House Inc. selected Gerson/Overstreet Architects (an MBE firm), at a cost of \$4,000, Joe Dudley Termite Control (an MBE firm), at a cost of \$7,105 and Sun Electric System (an MBE firm), at a cost of \$6,320 or total costs of \$17,425 to provide the necessary architectural/engineering services, termite treatment/dry rot replacement and electrical upgrades respectively.

Comment:

1. Attachment I, provided by DPW, contains the cost details for the \$3,898 for the in-house repair work to be performed by DPW for the Bayview Opera House.

2. Attachment II, provided by DPW, contains the cost details for the \$38,702 for the in-house heating and ventilation repairs to be performed by DPW at the Mission Cultural Center.

3. Attachment III, provided by the Art Commission, contains a list of the contractors, the contract cost details totaling \$26,552 (including \$1,862 for contingencies) and the MBE/WBE status of the contractors.

Recommendation: Approve the proposed release of reserved funds in the amount of \$69,152.

BUREAU OF BUILDING REPAIR**Department of Public Works****MEMORANDUM**

TO: Liz Lerma
Director of Centers

DATE: February 1, 1996

THRU: Raymond D. Zahnd
Superintendent BBR.

SUBJ: BAY VIEW OPERA
HOUSE ACCIDENT
REPAIRS

FROM: Charles J. Camilleri
Asst. Superintendent BBR

Remove and cut shiplap siding damaged by car accident. Reset structural members as necessary to realign wall and pipes. Install new shiplap siding on exterior. Repair flushometer and stem piping. Reposition piping to original position. Repair damage to tile work around pipes in two water closets. Painting to be done by Opera House volunteers as per Jennifer Ross.

7344 CARPENTER	@ \$ 48.11* per hour X 48 hours	\$ 2,310.00
	Materials	\$ 200.00
7378 TILE SETTER	@ \$ 43.84* per hour X 8 hours	\$ 351.00
	Materials	\$ 50.00
7347 PLUMBER	@ \$ 55.40* per hour X 16 hours	\$ 887.00
	Materials	\$ 100.00
TOTAL COST		\$ 3,898.00

- * Hourly rates include direct labor, fringe benefits and indirect costs such as supervision and equipment.

cjc/rb

May. 23. 1996 9:06AM DPW BUILDING REPAIR

No. 8703 P. 2/2

Attachment II

LABOR AND MATERIALS HOURLY BREAKDOWN

7345 ELECTRICIAN @ \$ 51.01/hr* X 120 hours \$ 6,122.00

Materials \$ 3,000.00

7238 ELECTRICAL SUPV I @ \$ 57.62/hr* X 12 hours \$ 692.00

7376 SHEETMETAL @ \$55.71/hr* X 140 hours \$ 7,800.00

Materials \$ 10,000.00

7347 PLUMBER @ \$ 55.40/hr* X 120 hours \$ 6,648.00

Materials \$ 500.00

7319 MOTOR REPAIR @ \$43.65/hr* X 80 hours \$ 3,492.00

Materials \$ 450.00

TOTAL COST

 =====
 \$ 38,702.00
 =====

* Hourly rates include direct labor, fringe benefits and indirect costs such as supervision and equipment.

cjc/rb
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BAYVIEW OPERA HOUSE BUDGET BREAKDOWN (CONTRACTS)**TOTAL= \$19,287****Architectural/Engineering Services**

Contractor: Gerson/Overstreet Architects
Breakdown: Schematic Design \$600
Design Development 800
Construction Documents 1,600
Bidding Negotiation 200
Construction & Administration 800
TOTAL= \$4,000

Termite Treatment/Dry Rot Replacement

Contractor: Joe Dudley Termite Control
Breakdown: SE corner \$2,150
East stairs 575
South-facing walls 2,925
Ground floor 125
North wall 185
NE corner 645
Permit 275
Smoke detector 225
Contingency 1,862
TOTAL= \$8,967

Electrical Upgrades

Contractor: Sun Electric System
Breakdown: Empty Raceway 400 LF-EMT 3/4 \$1,645
Wiring #12 THHN 5500LF 1,035
Wiring #8 THHN 1200LF 512
Receptacles and J Boxes 770
CB Circuits 50 AMP 374
CB Circuits 20 AMP 692
Exhaust Fan 385
W/P Disconnect Equipment 575
City Inspections 332
TOTAL= \$6,320

**CENTER FOR AFRICAN AND AFRICAN AMERICAN ART AND CULTURE
BUDGET BREAKDOWN
TOTAL= \$7,265**

Elevator Repairs

Contractor: U.S. Elevator

Breakdown: Removal:

Existing obsolete door operator assembly and equipment
Car door hanger track and rollers

Installation:

High torque door operator motor (required by Title 24 and
title 8 of the Elevator Code of the State of California)

Car door hanger track

Car door rollers

Hoistway door retiring cam assembly

Gate switch and contacts

Door closer mounting and plate

Door operator drive arm assembly

Piping and wiring to the door operator from the
car junction box, if required

TOTAL = \$7,265

SF
Memo to Budget Committee
May 29, 1996 Budget Committee Meeting

DOCUMENTS DEPT.

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3
Item 23 - File 101-94-107.5

MAY 30 1996

SAN FRANCISCO
PUBLIC LIBRARY

Revised

79/96
used
Note: This item was continued by the Budget Committee at its meeting of May 22, 1996.

Department: Port

Item: Release of reserved funds in the amount of \$866,000 for the Port for various capital improvement projects. The Port originally requested a release of reserved funds in the amount of \$1,098,813 (see Comment No. 2 below).

Amount: \$866,000

Source of Funds: 1971 Harbor Improvement Bond Funds

Description: The Board of Supervisors previously approved a supplemental appropriation, reappropriating various Port funds, including 1971 Harbor Improvement Bond Funds, totaling \$2,993,539 to be used by the Port to fund the following five capital improvement projects: the Pier 35 Cruise Terminal Improvements Project, the Ferry Building Roof Project, the Pier 70 Upgrades Project, the Embarcadero Roadway Drainage Project, and the Ferry Building Shear Wall Project (File 101-94-107). At the same time, the Board placed the entire \$2,993,539 on reserve, pending the Port's submission of (1) contract cost details and the MBE/WBE status of the contractors and (2) the detailed project costs for those projects to be performed in-house. The Board of Supervisors has previously released \$700,000 of the \$2,993,539 for the Embarcadero Roadway Drainage Project, leaving a balance of \$2,293,539 on reserve.

The Port is now requesting that \$866,000 of the \$2,293,539 balance be released from reserve to pay for two of the five projects, the Pier 35 Cruise Terminal Improvements Project and the Ferry Building Roof Project. The Port advises that the construction work for these two projects will be performed in-house by Port staff.

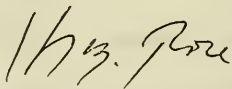
Comment: 1. The Attachment, provided by the Port, provides (1) the cost details of the \$866,000 now being requested for the Pier 35 Cruise Terminal Improvements Project totaling \$616,000 and the Ferry Building Roof Project totaling \$250,000, (2) total overall costs of these two projects and (3) the funding sources for the two projects.

SF
BOARD OF SUPERVISORS
BUDGET ANALYST

Recommendation of meeting for.

2. Ms. Veronica Sanchez of the Port advises that the Port will use State of California Trade and Commerce Agency grant funds in the amount of \$232,813, instead of the 1971 Harbor Improvement Bond funds, to pay for the the Pier 70 Upgrades Project noted above, in order to allow the Port to expend these State grant funds, which are due to expire June 30, 1996. Therefore, the Port is now requesting a release of resservred funds in the amount of \$866,000 (the original request of \$1,098,813 less \$232,813).

Recommendation: Approve the proposed release of the reserved funds in the amount of \$866,000.


Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

Port of San Francisco
Capital Improvement Projects
Estimated Cost

Attachment
Page 1 of 3

PIER 35 CRUISE TERMINAL

Installation of Pedestrian Ramp

Labor

<u>Class</u>	<u>Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
7344	Carpenter	\$25.17	846	\$21,298
7226	Carpenter Supv. I	\$31.04	240	7,450
9330	Pile Worker	\$26.55	1,450	38,498
9331	Piledriver Engine Oper.	\$29.71	530	15,746
7345	Electrician	\$26.69	330	8,808
7238	Electrician Supervisor	\$30.15	55	1,658
7347	Plumber	\$28.99	305	8,842
9342	Ornamental Ironworker Sup	\$26.44	100	2,644
7395	Ornamental Ironworker	\$24.09	370	8,913
7376	Sheetmetal Worker	\$29.15	190	5,539
7346	Painter	\$22.84	410	9,364
7242	Painter Supervisor I	\$25.93	80	2,074
Subtotal Salary				130,833

Fringe @ 20% 26,167

Total Labor \$157,000

Materials & Supplies (lumber, steel beams, lighting, carpeting,
concrete & other construction materials)

93,000

Total Cost \$250,000

Roof and Gutter Repair

Labor

<u>Class</u>	<u>Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
9343	Roofer	\$23.28	1,590	\$37,015
9344	Roofer Supervisor	\$24.44	375	9,165
7376	Sheetmetal Worker	\$29.15	1,915	55,833
9345	Sheetmetal Supervisor	\$32.14	430	13,820
Subtotal Salary				115,833

Fringe @ 20% 23,167

Total Labor \$139,000

Materials & Supplies (roofing materials, sheetmetal, lumber
& other construction materials)

111,000

Total Cost \$250,000

Miscellaneous Improvements (windows, restrooms, disability access)

Materials & Supplies (plumbing supplies, lighting, paint

& other construction materials

\$116,000

Total Pier 35 Cruise Terminal \$616,000

Port of San Francisco
Capital Improvement Projects
Estimated Cost

Attachment
Page 2 of 3

FERRY BUILDING (roof & gutter replacement)

Labor

<u>Class</u>	<u>Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
9343	Roofer	\$23.28	1,812	\$42,180
9344	Roofer Supervisor	\$24.44	360	8,798
7376	Sheetmetal Worker	\$29.15	1,696	49,439
9345	Sheetmetal Supervisor	\$32.14	350	<u>11,249</u>
Subtotal Salary				111,666

Fringe @ 20%

22,333

Total Labor

\$134,000

Materials & Supplies (roofing materials, sheetmetal, lumber
& other construction materials)

116,000

Total Cost

\$250,000

TOTAL OF ALL PROJECTS

\$866,000

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05/28/96

**PORT OF SAN FRANCISCO
REQUEST FOR RELEASE OF RESERVED FUNDS
BOARD OF SUPERVISOR BUDGET COMMITTEE**

Release of reserved funds for the Port of San Francisco for various capital improvement projects.

Item:

\$998,000

Amount Requested:

1971 Harbor Improvement Bond Fund

SUPPLEMENTAL

ORIGINAL SUPPLEMENTAL

	EMBARCADERO DRAINAGE	FERRY BLDG SHEAR WALL	PIER 35 CRUISE IMPROVEMENTS	FERRY BLDG. ROOF	PIER 70 SHIP REPAIR	TOTAL	RELEASES	BALANCE REMAINING
Port Operating Fund	\$528,581 R	\$401,876	\$0	\$0	\$0	\$930,457	\$528,581	\$401,876
Fire Insurance Proceeds	0	0	68,896	0	0	68,896	0	68,896
5th Street Bond Fund	0	0	61,286	0	0	61,286	0	61,286
1971 Harbor Bond Fund	0	0	61,000	250,000	0	311,000	998,000	0
Request for Release	171,419 R	0	645,481	0	250,000	1,066,900	171,419	895,481
Balance Remaining	171,419	0	1,261,481	250,000	250,000	1,932,900	1,037,419	895,481
Subtotal	700,000 R	401,876	1,391,663	250,000	250,000	2,993,539	\$1,566,000	\$1,427,539

FUNDING NOT ON RESERVE

1984 Revenue Bond	0	0	458,337	0	0	458,337		
TOTAL	\$700,000 R	\$401,876	\$1,850,000	\$250,000	\$750,000	\$3,451,876		

SUMMARY:

Original Supplemental	\$2,993,539
Released Previously (R)	(\$700,000)
Request for Release	(\$998,000)
Balance Remaining	\$1,427,539

Item 23 - File 101-94-107.5

Note: This item was continued by the Budget Committee at its meeting of May 22, 1996.

Department: Port

Item: Release of reserved funds in the amount of \$1,098,813 for the Port for various capital improvement projects.

Amount: \$1,098,813

Source of Funds: 1971 Harbor Improvement Bond Funds

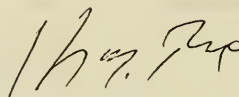
Description: The Board of Supervisors previously approved a supplemental appropriation, reappropriating various Port funds, including 1971 Harbor Improvement Bond Funds, totaling \$2,993,539 to be used by the Port to fund the following five capital improvement projects: the Pier 35 Cruise Terminal Improvements Project, the Ferry Building Roof Project, the Pier 70 Upgrades Project, the Embarcadero Roadway Drainage Project, and the Ferry Building Shear Wall Project (File 101-94-107). At the same time, the Board placed the entire \$2,993,539 on reserve, pending the Port's submission of (1) contract cost details and the MBE/WBE status of the contractors and (2) the detailed project costs for those projects to be performed in-house. The Board of Supervisors has previously released \$700,000 of the \$2,993,539 for the Embarcadero Roadway Drainage Project, leaving a balance of \$2,293,539 on reserve.

The Port is now requesting that \$1,098,813 of the \$2,293,539 balance be released from reserve to pay for three of the five projects, the Pier 35 Cruise Terminal Improvements Project, the Ferry Building Roof Project and the Pier 70 Upgrades Project. The Port advises that the construction work for all three of these projects will be performed in-house by Port staff.

Comment: The Attachment, provided by the Port, provides (1) the cost details of the \$1,098,813 now being requested for the Pier 35 Cruise Terminal Improvements Project totaling \$616,000, the Ferry Building Roof Project totaling \$250,000 and the Pier 70 Upgrades Project totaling \$232,813, (2) total overall costs of each of these three projects and (3) the funding sources for each of these projects.

Memo to Budget Committee
May 29, 1996 Budget Committee Meeting

Recommendation: Approve the proposed release of the reserved funds in the amount of \$1,098,813.



Harvey M. Rose

cc: Supervisor Hsieh
Supervisor Kaufman
Supervisor Bierman
President Shelley
Supervisor Alioto
Supervisor Ammiano
Supervisor Kennedy
Supervisor Leal
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Chief Administrative Officer
Controller
Margaret Kisliuk
Paul Horcher
Ted Lakey

Port of San Francisco
Capital Improvement Projects
Estimated Cost

PIER 35 CRUISE TERMINAL**Installation of Pedestrian Ramp****Labor**

<u>Class</u>	<u>Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
7344	Carpenter	\$25.17	846	\$21,298
7226	Carpenter Supv. I	\$31.04	240	7,450
9330	Pile Worker	\$26.55	1,450	38,498
9331	Piledriver Engine Oper.	\$29.71	530	15,746
7345	Electrician	\$26.69	330	8,808
7238	Electrician Supervisor	\$30.15	55	1,658
7347	Plumber	\$28.99	305	8,842
9342	Ornamental Ironworker Sup	\$26.44	100	2,644
7395	Ornamental Ironworker	\$24.09	370	8,913
7376	Sheetmetal Worker	\$29.15	190	5,539
7346	Painter	\$22.84	410	9,364
7242	Painter Supervisor I	\$25.93	80	2,074
Subtotal Salary				130,834

Fringe @ 20%

26,166

Total Labor

\$157,000

Materials & Supplies (lumber, steel beams, lighting, carpeting,
concrete & other construction materials)

93,000

Total Cost

\$250,000

Roof and Gutter Repair**Labor**

<u>Class</u>	<u>Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
9343	Roofer	\$23.28	1,590	\$37,015
9344	Roofer Supervisor	\$24.44	375	9,165
7376	Sheetmetal Worker	\$29.15	1,915	55,833
9345	Sheetmetal Supervisor	\$32.14	430	13,820
Subtotal Salary				115,833

Fringe @ 20%

23,167

Total Labor

\$139,000

Materials & Supplies (roofing materials, sheetmetal, lumber
& other construction materials)

111,000

Total Cost

\$250,000

Miscellaneous Improvements (windows, restrooms, disability access)

Materials & Supplies (plumbing supplies, lighting, paint
& other construction materials)

\$116,000

Total Pier 35 Cruise Terminal

\$616,000

Port of San Francisco
Capital Improvement Projects
Estimated Cost

Attachment
Page 2 of 3

FERRY BUILDING (roof & gutter replacement)**Labor**

<u>Class</u>	<u>Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
9343	Roofer	\$23.28	1,812	\$42,180
9344	Roofer Supervisor	\$24.44	360	8,798
7376	Sheetmetal Worker	\$29.15	1,696	49,439
9345	Sheetmetal Supervisor	\$32.14	350	11,242
Subtotal Salary				111,666

Fringe @ 20% 22,334

Total Labor \$134,000

Materials & Supplies (roofing materials, sheetmetal, lumber
& other construction materials)

116,000
Total Cost \$250,000

PIER 70 UPGRADE (repair and upgrade of cranes)**Labor**

<u>Class</u>	<u>Title</u>	<u>Hourly Rate</u>	<u>Hours</u>	<u>Total</u>
5256	Mechanical Engineer	\$33.25	1,500	\$49,875
5240	Electrical Engineer	\$33.25	990	32,918
9358	Crane Mechanic Supv.	\$32.45	1,496	48,535
7345	Electrician	\$26.69	990	26,423
Subtotal Salary				157,751

Fringe @ 20% 31,549

Total Labor \$189,300

Equipment (electrical power conductors) \$42,813

Travel (crane manufacturer to inspect crane) 700

Total Cost \$232,813

TOTAL OF ALL PROJECTS \$1,098,813

PORT OF SAN FRANCISCO
REQUEST FOR RELEASE OF RESERVED FUNDS
BOARD OF SUPERVISOR BUDGET COMMITTEE

Release of reserved funds for the Port of San Francisco for various capital improvement projects.

Item:

\$1,099,813

Amount Requested:

1971 Harbor Improvement Bond Fund

Source of Funds:

ORIGINAL SUPPLEMENTAL						SUPPLEMENTAL	
	EMBARCADERO DRAINAGE	FERRY BLDO SHEARWALL	PIER 35 CRUISE IMPROVEMENTS	FERRY BLDO. ROOE	PIER 70 SHIP REPAIR	TOTAL	RELEASES BALANCE REMAINING
Port Operating Fund	\$528,581 R	\$401,876	\$0	\$0	\$0	\$930,457	\$528,581 \$401,876
Fire Insurance Proceeds	0	0	68,896	0	0	68,896	0 68,896
5th Seawall Bond Fund	0	0	61,286	0	0	61,286	0 61,286
1971 Harbor Bond Fund							
Request for Release	171,418 R	0	645,481	250,000	224,813	1,091,712	171,418 652,898
Balance Remaining	171,418	0	1,261,481	250,000	250,000	1,932,900	171,418 692,668
Subtotal	700,000 R	401,876	1,391,663	250,000	250,000	2,993,539	\$1,798,813 \$1,194,726
FUNDS NOT IN RESERVE							
1984 Revenue Bond	0	0	458,337	0	0	458,337	
TOTAL	\$700,000 R	\$401,876	\$1,850,000	\$250,000	\$250,000	\$3,451,876	

SUMMARY:

Original Supplemental	\$2,993,539
Released Previously (R)	(\$700,000)
Request for Release	(\$1,099,813)
Balance Remaining	\$1,194,726

